

JUNE 1977

Nation's Business

IN CONGRESS NOW

Consumer Protection: What's at Issue

Product Liability—
The Search for Solutions

Estate Planning
for Business Owners



Join the waste watchers and make the most of every inch of paper you buy.

The inches add up.

Fort Howard has a lot of ways to help you get the most out of every inch of paper you buy.

Take our larger-roll tissue and towels. They have to be changed less often. So you throw away fewer stub roll leftovers—and waste less paper.

We've all but eliminated leftovers in our Commander I® cabinet. It uses almost every inch of paper on one roll before it starts on the next.



Put the inches where they count.

We put 12% more hand-dries into our largest roll towel. We simply added 75 feet to our 625-foot roll towel. So you get all the extra hand-dries of a longer-roll towel service.

Be a waste watcher.

Your local Fort Howard distributor can show you how to be a waste watcher. Call him today. Before another inch slips away.



Fort Howard Paper

Green Bay, Wisconsin 54305

The Waste Watchers.

DON'T BUY ANOTHER TRUCK BEFORE YOU READ THESE.



Do you know what your trucks are really costing you? Not only in your initial capital investment, and fuel, maintenance and operation. But also in the "hidden costs" of management time, accounting, taxes, registration and paperwork.

These fact-filled books can give you new insights into transportation economy. In "Your \$207,000 Truck" (the second annual industry-wide cost study available only from Hertz), you'll find out that the cost of owning and operating a truck over a 5-year period is more than 4 times the original purchase price. And you'll find out why. You'll find out, down to the nearest tenth of a cent, how much it can really cost to operate a typical truck fleet and how that figure increases each year as the trucks get older.

In "Owning or Leasing?" you'll find the facts about how Hertz Truck Leasing could save you money and free up capital to invest in your business instead of the trucking business.

And then you just might agree: It's smarter for you to lease from Hertz.



"More and more companies have learned it pays to lease from Hertz instead of own. Find out the facts." *O.J. Simpson*



HERTZ LEASES FORDS AND OTHER STURDY TRUCKS

Hertz Truck Leasing
600 Madison Avenue
New York, N.Y. 10021

☐ Please send me your truck booklets.
☐ Please contact me to discuss a free analysis of my trucking needs.

Print name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

You'll like us for our money. But you'll love us for our brains.

Some people look to us for nothing more than a quick business loan.

Yet, if they stay around long enough, many of these same business people come to admire us for our brains, too. That is, our intelligent attention to the service points that make Commercial Credit business loans especially helpful.

Call one of our representatives and you'll find he doesn't talk at you. He listens. He's on your side. Because he knows we've built our business by helping the guys with good ideas break into the big time.

He'll show you what to watch out for in a business loan. The things that can kick the interest rate way up without your knowing it. Like audit and non-refundable commitment fees. Compensating balances. Full-term interest for part-term loans. And floaters (whereby you aren't credited interest until well after your checks clear).

On the positive side, he can see to it that you get a line of credit you can count on. We never back away from a commitment. Most lines of credit are merely letters of

intent. Letters that can be withdrawn at the first sign of rough going.

If we make a participation loan with your bank, your Commercial Credit representative will tell you about it. All about it. So you'll know exactly what rate we charge. And what interest rate the bank charges.

— And, since he's locally based, your Commercial Credit representative knows every movement in the money market both nationally and in your territory, too.

As part of the \$4 billion Commercial Credit financial family, we find many other ways to help. Like vehicle leasing, equipment and aircraft leasing and financing, bad debt insurance, factoring, collection services, real estate financing and much more. More business services than any other financial source.

Call us. We have an expert waiting to talk to you about business loans from \$50,000 to millions. He

can get you money fast. And brains. Or, if you prefer, write: Commercial Credit Business Loans, Inc., Dept. FJ34, 201 North Charles St., Baltimore, Md., 21201.

We find ways to help.

COMMERCIAL CREDIT
BUSINESS LOANS



a financial service of
CONTROL DATA CORPORATION



For immediate action, or additional information, call your nearest FINANCENTER.

ATLANTA — (404) 525-4938/BALTIMORE — (301) 727-3338/CHARLOTTE — (704) 373-1721/CHICAGO — (312) 332-3716/CINCINNATI — (513) 721-2962/CLEVELAND — (216) 886-6383/DALLAS — (214) 747-4295/DETROIT (Southfield) — (313) 569-0366/HOUSTON — (713) 658-0926/KANSAS CITY — (816) 474-0202/LOS ANGELES — (213) 386-6871/NEW YORK — (212) 481-3005/SAN FRANCISCO — (415) 982-6362/WILMINGTON — (302) 571-0873.

Nation's Business

VOLUME 65 • NUMBER 6 • JUNE 1977

G. Reiman 12B - World of Industry - Ten-Year Outlook for U.S.

PUBLISHER

Chamber of Commerce of the United States, Washington, D. C.
The National Chamber is a federation of organizations representing business and professional people and companies.
Dr. Richard L. Leshner, President.

EDITOR

Kenneth W. Medley

MANAGING EDITOR

Wilbur Martin

SENIOR EDITORS

Sterling G. Slapley
Henry Altman
Vernon Louviere

ASSOCIATE EDITORS

John Costello
Robert T. Gray
Grover Helman

PRODUCTION EDITOR

Judy Wall

ART DIRECTOR

Hans A. Baum

ASSISTANT ART DIRECTOR

Richard C. Freund

ASSOCIATE

James Vincent

ART CONSULTANT

Yoichi R. Okamoto

ADVERTISING DIRECTOR

W. Brett Perrine

PRODUCTION MANAGER

Harry N. Miller

NATIONAL CIRCULATION DIRECTOR

Thomas J. Ames

ASSISTANT CIRCULATION DIRECTOR

Harold E. Johnson

DIRECTOR OF MAIL SALES AND EXECUTIVE SEMINARS IN SOUND

Philip A. Sweeney

BUSINESS MANAGER

William W. Owens

IN CONGRESS NOW

Consumer Protection: What's at Issue

Product Liability—The Search for Solutions

LESSONS OF LEADERSHIP

Choosing Strategies for Business Success

How Job-Injury Benefits Are Rising

The Resolution in Today's offices
Get Involved With Government—Make It Better

PERSONAL FINANCE

Estate Planning for Business Owners

BUSINESS: A LOOK AHEAD FROM WASHINGTON

Business Resists Creation of Another Overseer

JAMES J. KILPATRICK

A Case of Overkill in Federal Regulation

SOUND OFF TO THE EDITOR

Should We Curb or Stop Arms Sales Abroad?

ECONOMIC VIEWPOINT

Can America Finance Future Prosperity?

PEOPLE IN BUSINESS

How a Business Fights Housing Blight

EXECUTIVE TRENDS

Why Able Managers Reject Jobs

EDITORIAL

Where the Carter Energy Plan Goes Astray

Departments

| | | |
|--------------------------|-----------------------|-------------------------|
| 4 Business: A Look Ahead | 14 Sound Off Response | 71 Index of Advertisers |
| 6 Letters to the Editor | 58 Economic Viewpoint | 72 Editorial |
| 11 James J. Kilpatrick | 59 People in Business | |
| 13 Sound Off | 64 Executive Trends | |

Cover photograph by Steve Altman

Nation's Business is published monthly at 1615 H Street N. W., Washington, D. C. 20062 by the Chamber of Commerce of the United States. Editorial and circulation headquarters—1615 H Street N. W., Washington, D. C. 20062; Editorial—(202) 659-6010; Circulation—(202) 659-6087; Advertising headquarters—711 Third Avenue, New York, N. Y. 10017; telephone (212) 557-9886.

Subscription rates: United States and possessions, \$49.75 for three years; in Canada, \$20 a year. Printed in U. S. A. Second class postage paid at Chicago, Ill.

Copyright 1977 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: Please send form 3579 to 1615 H Street N. W., Washington, D. C. 20062.

A LOOK AHEAD FROM WASHINGTON

Business Resists Creation of Another Federal Overseer

Business organizations are gearing up to fight the threatened creation of another federal agency, this time one that would control the setting of measurement standards in private industry, including those used in manufacturing, construction, and processing.

Traditionally, this has been done on a voluntary basis through such organizations as the American National Standards Institute.

A bill introduced by Sen. James Abourezk (D.-S. Dak.), the Voluntary Standards and Accreditation Act of 1977, would thrust the federal government directly into the process. The bill, S. 825, would establish a National Standards Management Board to oversee all standard-setting activities. The board would have the power to cancel standards and the accreditation of standard-setting organizations. There would be no appeal except through the courts.

Donald L. Peyton, executive vice president of the American National Standards Institute, calls the bill "onerous" because of its emphasis on "government coercion."

In theory, the new agency would protect small firms against discrimination by standard-setting groups, but business organizations such as the Chamber of Commerce of the United States say present antitrust laws are sufficient for that purpose.

Advocates of the legislation say that big firms dominate the standard-setting groups and that these groups sometimes set standards so high that small firms can't compete.

Bernard H. Falk, president of the National Electrical Manufacturers Association, argues, however, that "private standards organizations subject to anti-trust prosecutions" have far more compulsion to be fair to all parties "than has a federal standards regulatory activity, with its effective immunity from prosecution."

Protection for Salesmen

The salesman on commission has a friend on Capitol Hill in Rep. Richard L. Ottinger (D.-N. Y.). Rep. Ottinger has reintroduced his Sales Representatives Protection Act, which got nowhere in the last Congress.

This legislation, H. R. 5824, would require a system of compensation in the event a sales representative is abruptly terminated or otherwise damaged financially by his employer. Rep. Ottinger says the

measure is needed because: "It is a devastating situation for the representative who has invested much time and personal resources in an account—all to the financial benefit of his principal—to have his territory cut, his commission slashed, or an entire segment of business transformed into a 'house account.' The salesman is now without recourse to protect himself from these assaults upon his basic financial rights."

No-Fault Auto Insurance Reappears in Congress

No-fault auto insurance is back in Congress. No-fault bills were introduced in the past three Congresses and never got away from the curb. Now Sen. Warren G. Magnuson (D.-Wash.) and five fellow senators have sponsored legislation which has been modified to reflect lessons learned in the 16 states where no-fault laws are on the books.

"The heart of this bill is the restriction on lawsuits—the so called threshold," Sen. Magnuson says. "That's where many of the state laws are seriously flawed."

In some states the threshold—the minimum dollar amount for which an automobile accident victim may sue for medical payments—is as low as \$200. This, Sen. Magnuson says, prompts lawsuits.

Key features of the new bill include payment of all reasonable medical and rehabilitation expenses up to \$100,000, of up to \$12,000 in lost wages, and of \$1,000 for funeral and other expenses following the death of an accident victim.

Under the bill, each state could have its own plan, provided it met or exceeded certain standards. States that did not choose to enact a law would come under the federal plan. In either case, the state would be responsible for administering the plan.

Foreign Visitors Increase; So Does U. S. Travel Abroad

Americans show no signs of curbing their desire for foreign travel, so U. S. tourists will spend \$3 billion more abroad this year than is spent by foreign visitors in this country.

The U. S. Travel Service, in making that prediction, says the number of visitors will increase five percent this year, climbing to 18.4 million. Yet 23.5 million Americans—a three percent increase—will go abroad. They will spend \$10.4 billion, compared to the \$7.4 billion foreigners will leave on our shores.

Government Aid Sought for More Small Builders

With Americans born during the post-World War II baby boom entering the housing market, proposed legislation would help small businesses take part in meeting the demand for homes.

Sen. John A. Durkin (D.-N.H.) has introduced S. 1367, a bill designed to enable more small builders to obtain loans and other assistance from the Small Business Administration. Many builders are now outside the scope of SBA aid due to the modest size of their operations.

The Durkin bill, an amendment to the Small Business Act, would authorize regular business loans to the smallest of building firms to finance residential or commercial construction or rehabilitation of property for sale.

In addition, the bill would authorize SBA to make such loans to individuals who are very small builders and to nonprofit cooperative groups—with a limit of 75 members—which are organized to rehabilitate blighted urban or rural areas. The loans could not be used primarily for land acquisition.

FTC May End Its Secrecy on Investigation Targets

Because of the difficulty of keeping secrets in Washington, the Federal Trade Commission is reconsidering its policy on disclosure of the identity of persons or firms under FTC investigation.

Currently FTC does not disclose to the public the identity of persons or firms being investigated, although it does announce industrywide investigations.

Washington-wise reporters and financial experts, however, often learn who is being investigated through routine disclosures required by law. These disclosures are made, FTC says, in such actions as a motion to quash an investigative subpoena or a request by a former FTC employee for permission to represent a company under investigation. And those involved may be required to make the disclosure in filings with the Securities and Exchange Commission.

FTC is inviting public comment on the current policy and on two possible changes in policy—routine disclosure or complete nondisclosure.

New Spending Watchdogs Urged for U. S. Agencies

Up to now, bureaucrats in most federal departments have had to face audits only by the General Accounting Office.

However, if S. 1354, introduced by Sen. Jesse A. Helms (R.-N. C.), is enacted, every federal department except State and five major independent agencies would have an in-house watchdog which would

be like a mini-GAO. A similar bill, H. R. 2819, has been introduced in the House by Rep. L. H. Fountain (D.-N. C.).

Each department and agency would have to establish an inspection office headed by an official without any program responsibilities. This inspector general would head a team which would investigate activities of the department or agency, particularly activities involving expenditure of federal funds. The inspector general, who would have a free hand, would recommend corrective action, if he felt it necessary.

The Army, Navy, and Air Force already have inspection sections, as do the departments of Health, Education, and Welfare and of Housing and Urban Development. The new bills would include the other departments plus the Energy Research and Development Administration, General Services Administration, National Aeronautics and Space Administration, Veterans Administration, and Environmental Protection Agency.

Crackdown Asked on Aliens Who Cheat U. S. Taxpayers

Although aliens are required by law to be financially stable before they are allowed to enter the United States, large numbers receive federal assistance funds, Sen. Charles H. Percy (R.-Ill.) complains.

Aliens get this federal assistance under the Supplemental Security Income program, which provides funds to poor persons who are aged, blind, or disabled.

The senator is concerned over growing instances of false statements made by aliens or their sponsors which enable the aliens to qualify for federal money within 30 days after arrival in the United States.

"Some aliens enter this country with the explicit purpose of collecting benefits," the senator says, adding that incredibly, there are aliens who "continue receiving payments even after leaving the United States."

Sen. Percy has called on the Social Security Administration, the Immigration and Naturalization Service, and the General Accounting Office to investigate the situation and crack down on abuses. If these agencies cannot or will not remedy the situation by tightening eligibility and payment regulations, the senator says, Congress will have to take legislative action.

Highways Are Going Metric

Highway signs are to be phased into metric measures beginning next year. Starting in July, 1978, the Federal Highway Administration plans to convert speed limit signs to kilometers and vertical clearance signs to meters on federal-aid highways.

Other signs will be made metric beginning in September, 1978. The entire conversion is to be completed by the start of 1980. Unless there is a howl from the public, there will be no transition period, and it will be cold turkey for drivers. □

Smut Peddling and the Law

James J. Kilpatrick mistakes freedom for license in his column, "When Freedom Is Difficult to Live With" [April].

He takes issue with the obscenity conviction of "Hustler" magazine publisher Larry Flynt, who was convicted in Cincinnati under the Supreme Court's doctrine that contemporary community standards can be used in determining what is obscene.

Questioning that doctrine, Mr. Kilpatrick writes: "It is difficult for me to understand, as a nonlawyer, how the First Amendment can have one meaning in Cincinnati and another meaning in New York."

That attitude increasingly pervades those associated with the press.

But there is absolutely no valid reason why people in Clermont County, Ohio, should have to stand knee-deep in literary garbage to preserve the abstraction of freedom of the press in New York City. A greater right in a free society is the majority right to self-determination and self-protection on a local basis.

Most Americans who are not part of the literary elite are fed up with child molesters, rapists, and other perpetrators of violent sex crime. Any honest sociologist can show that smut peddlers make a major contribution to such crime.

It might be well for those who place high value on freedom of the press to place the same value on personal and societal responsibility.

I suggest that Mr. Kilpatrick get off his soapbox in support of literary license and consider both the impact of filth peddlers and the moral responsibility of a free press to prevent enslavement of the minds of children and the weak.

JOHN R. BECK
Vice President
Bio-Serve Corp.
Troy, Mich.

Mr. Kilpatrick has written well and wisely on many subjects. He is pathetically confused, however, in his effusions on commercial obscenity.

He eloquently assures us that he despises "Hustler" magazine. He nonetheless finds it mantled in the

untouchable robe of freedom, especially freedom of the press. He summons the rule of law, the open market, the nature of a free society, equal justice under law, and that royal absolute, the First Amendment.

The moral, legal, and journalistic gymnastics of such a defense are pathetic. We must accept as a commercial right the foulest abuses known to human language. Mr. Kilpatrick knows only one logic—no censorship.

His argument abounds in contradictions.

He says the legal criteria for determining obscenity are "nebulous . . . as gauzy as mist, as unsubstantial as sand." A paragraph later he says: "The evidence everywhere confronts the sensual eye."

"Hustler" is described at one point as "sleazy, morbid, dirty, contemptible." At another point its content is termed "merely distasteful."

Finally, we are given this gem of euphoric optimism: "In a reasonably free marketplace, good products will triumph over bad ones." But is it not true that taste is developed and nurtured by the moral and cultural standards of one's environment?

The Supreme Court's rulings have severely proscribed only the worst forms of commercial obscenity. Larry Flynt and "Hustler" were condemned under that tightly drawn legal proscription.

It is sad to see Flynt and his printed filth called witnesses of freedom under any guise.

EILEEN J. FALLON
Milton, Mass.

Mr. Kilpatrick writes: "Let me touch on the rule of law. This was not a civil proceeding, brought with the intention of confiscating copies of the magazine or enjoining their sale or display. This was a criminal proceeding. Once that line is crossed, from the civil to the criminal, all the familiar requirements of due process come into play."

The above statements are, to say the least, surprising if not terrifying.

I have apparently been under the more comforting misapprehension that, under the rule of law, "all the

Moody's Information Tools

Go fully equipped into your next project. More than just financial information, Moody's 12 unique publications give you comprehensive business information on some 34,000 corporations and municipalities.

It's information for sales people, marketing people, research and recruiting people, communications people, executives at all levels. In other words—business people.

Moody's Industrial Manual & News Reports. Covers some 3,000 corporations listed on the Amex and NYSE.

Moody's OTC Industrial Manual & News Reports. It's a universe of data unobtainable elsewhere in a single complete reference.

Moody's Transportation Manual & News Reports. Specialized, highly detailed information on over 1,000 domestic transportation firms.

Moody's Public Utility Manual & News Reports. Detailed data on every publicly held public utility as well as many that are privately held.

Moody's Bank & Finance Manual & News Reports. Facts on over 10,200 national, state, and private banks. Insurance companies, REITs, mutual funds, too.

Moody's Municipal & Government Manual & News Reports. Data and Moody's ratings for most taxing jurisdictions with outstanding long-term debt over \$1,000,000.

Six More Moody's Publications For Investors

- Moody's Bond Survey
- Moody's Bond Record
- Moody's Handbook of Common Stocks
- Moody's Dividend Record
- Moody's Municipal Credit Reports
- Moody's Commercial Paper Reports

For your free Moody's Information Kit, call 212-267-8169 collect during business hours for immediate service or mail coupon at right.



Moody's Investors Service, Inc. — Headquarters
99 Church Street / New York, New York 10007
(212) 267-8800



Moody's. Think of Us as an Office Product.

Typewriters, calculators, copiers, files, phones...and Moody's. That's right, Moody's. When you get right down to it, Moody's is an essential piece of office equipment — and for more than just financial people.

You see, Moody's is the first name in business information. Business, not just financial. That means that all sorts of people in all sorts of businesses need Moody's.

Like sales people. Marketing people. People in research and in recruiting. In ad agencies and PR firms. Libraries. Multi-nationals. And anyone anywhere involved in the financial community.

There are 12 Moody's publications that cover almost every aspect of business information with over 15 million pieces of data, most of which are updated weekly. Facts and figures and names and addresses. Numbers and more numbers. Plus expert analyses to guide you through the data.

So along with those coupons for information about office equipment, make sure you clip out the one for Moody's. Or call 212-267-8169 collect during business hours for immediate service. We have a more complete story to tell you in our new Information Kit. It's yours just for the asking.



NB-677

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

Please rush me my Moody's Information Kit.

Name _____

Title _____

Company _____

Address _____

City _____

State _____

Zip _____

familiar requirements of due process come into play" in all proceedings.

CHARLES R. LEECH, JR.
Attorney at Law
Toledo, Ohio

Question for Mr. Carter

President Carter is yelling energy shortage at the same time the whole federal government is preventing the Public Service Co. of New Hampshire from building a previously approved nuclear power plant.

What is going on?

GRANT L. DAVIS
G. L. Davis & Associates
Dover, N. H.

The price of liquefied gas

The article by Rep. Bob Krueger (D-Texas), "Why Congress Hasn't Deregulated Natural Gas" [April], included a photograph of an El Paso Algeria Corp. tanker carrying liquefied natural gas.

The caption accompanying the picture read: "Domestically produced gas freed of federal price controls would be far cheaper than the liquefied natural gas being imported in increasing amounts. The cost of LNG

tankers like this one adds substantially to the price of the imported fuel."

A fair reading of the caption leads one to believe that, under deregulation, sufficient additional new supplies of gas would be produced domestically, eliminating the need for supplemental supplies. Knowledgeable people both in and out of the industry have taken a contrary position—that domestic drilling alone is not the answer to the gas shortage. They believe that supplemental gas supplies, including gas manufactured from domestic coal and LNG imported from foreign countries, will be required to alleviate the shortfall.

Two other observations on the LNG tanker caption:

First, the statement that the price of gas under deregulation would be far cheaper than imported LNG is not supported anywhere in the article. Under our LNG-import program, which will utilize the ship shown, the price of the imported gas will be less than the going wellhead price in the unregulated intrastate market and less than the going wellhead price of new interstate gas.

Second, the inclusion of the cost of LNG tankers in determining price is no different than the inclusion of plants and related transport facilities for coal gasification in determining the price of that form of gas to the consumer.

BARRY HUNSAKER
Executive Vice President
El Paso Algeria Corp.
Houston, Texas

The wayward ladder

Either your April cover picture or the ladder shown in it is upside down.

Or perhaps the company where the picture was taken has the same problem as the rest of us—finding qualified employees.

In any event, don't let OSHA see that ladder.

ZED Z. SMITH III
Red River Communications
Annona, Texas

Praise for chamber article

Your article on the Chamber of Commerce of the United States ["The Voice of Business Grows Stronger in Washington," March] was long overdue.

I don't recall ever seeing any article in which the goals, staffing, and current programs of the National Chamber were described more effectively.

You have done yourselves and all of us who labor in the field a real service. Congratulations.

GILES R. FLANAGAN, CCE
President
Peoria Area Chamber of Commerce
Peoria, Ill.

For the first time, I know how the National Chamber is organized and how it goes about its business. I believe this is the first time such a definitive story has been written, and I congratulate you for putting it together.

JAMES R. SQUIRES
Washington Representative,
Corporate Public Relations
General Electric Co.
Washington, D. C.

OWNING YOUR OWN EXECUTONE PHONE SYSTEM CAN SAVE YOU MORE THAN JUST MONEY.

You may be interested in telephone interconnect systems because they offer such attractive cost savings. But Executone phone systems offer savings and a great deal more.

With the unique Executone telephone shown here, you can improve business communications in many ways. For example, you can forward calls, set up conference calls, locate people, automatically camp-on a busy line—all with push-button speed.

So if you're investigating phone systems that can save you money, connect with Executone. We have a broad line of phone systems that suit any need, whether you have five or six phones or hundreds. Mail coupon for full information.

- ☐ Send free portfolio, "How To Get More From Your Own Telephone System"
- ☐ Have your representative phone.

NAME _____
FIRM _____
ADDRESS _____
CITY _____
STATE _____ ZIP _____

Executone

Executone, Inc., Dept K-6
29-10 Thomson Ave., Long Island City, N.Y. 11101
In Canada: Executone, Ltd., Ontario

Objective: objectives

Sen. Charles McC. Mathias, Jr., (R-Md.) writes in "Letters to the Editor" [March] that "zero-base budgeting assumes that an organization has clearly defined objectives. This is not the case for many government programs."

If government programs have no clearly defined objectives, what are the purposes of such programs? I had assumed that you first set an objective, then developed the organi-

Wherever San Francisco goes, there's a Hilton waiting.

Seattle Hilton

Seattle, Washington

Hilton Inn North

Columbus (Worthington),
Ohio

Berkshire Hilton Inn

Pittsfield, Massachusetts

Valley Hilton
Sherman Oaks (Los Angeles), California



Penn-Stroud Hilton Inn
Located in the Pocono Mountains, Stroudsburg, Pennsylvania

Airport Hilton Inn

Pittsburgh, Pennsylvania

Hilton Inn - Meadow Lands

Washington (Pittsburgh),
Pennsylvania

Airport Hilton Inn (JFK)

New York, New York

Brandywine Hilton

Wilmington, Delaware

Airport Hilton Inn

Denver, Colorado

Hilton Harvest House

Boulder, Colorado

Bel Air Hilton

St. Louis, Missouri

Hilton Inn

Lakeland, Florida

Hilton Inn West

Orlando, Florida

Hilton Inn South

Orlando, Florida

Fort Lauderdale Hilton

Fort Lauderdale, Florida

Fresno Hilton

Fresno, California

Queensway Hilton

Long Beach, California

Scottsdale Hilton

Scottsdale (Phoenix), Arizona

Hilton Inn

Santa Fe,
New Mexico

Gainesville Hilton

Gainesville, Florida

All around the United States—in more than 100 cities and resort areas—are Hilton Hotels and Inns waiting to show you a good time.

As you travel on business or plan your family vacations, think first of Hilton, because the chances are very good that wherever you're going, there's a Hilton Hotel or Inn at the end of the line.

Every Hilton offers a relaxed atmosphere and elegant service, touches that have made the Hilton name famous the world over.

Each has large, comfortable, beautifully appointed rooms with

oversize beds, color TV and fun places to eat and enjoy a refresher.

They're all part of the easiest, speediest reservations network—Hilton Reservation Service. And, with HRS, your rate is always confirmed in advance.

Sparkling pools, free parking, quick, courteous room service and an excellent family plan with no charge for children staying with their parents—a Hilton tradition. Your bonus is that all of these Hilton Hotels and Inns accept major credit cards.

So, if you're planning to travel to one of the cities shown above or

anywhere else in the nation, don't leave before you know there's a Hilton waiting with open arms.



**Hilton
Hotels
and Inns**

For confirmed reservations and rates, call your Hilton Reservation Service office, nearest Hilton Hotel or Inn, or travel agent.

Your first run on our computerized lease analysis system is free.

That's the sixth reason you should try it.

We've got five better reasons.

And obviously someone agrees with us. Because in the few years since LAS was first developed, it's become the standard of analysis for the leasing industry.

So before you get all excited about a free run, check out our other reasons:

Reason #1:

LAS was written and is maintained by Warren & Selbert, Inc., an independent firm that doesn't engage in leasing transactions. If you have a problem or a question just call us. You'll never have to worry about giving an edge to a competitor.

Reason #2:

LAS is flexible. Whether you're dealing with a direct lease, or a complex leveraged lease, LAS gives you a precise, unbiased evaluation.

When your requirements change, LAS can accommodate them. It's as simple as that.

Reason #3:

LAS is easy to use. So easy, you operate it yourself. At virtually any time, day or night.

When you want a lease analyzed, you just phone the computer. It in turn will ask you simple questions about the lease. You type in the information. And your analysis comes back immediately - not in computer symbols or codes, but in plain English.

Reason #4:

LAS is up-to-date. We're constantly updating the system. So you can structure a lease that conforms to current guidelines stipulated by the IRS and FASB. And you can make sure it's beneficial to all parties.

This service also saves you the time and money it would cost you to continuously update an in-house computer program.

Reason #5:

LAS is highly recommended in the

industry. And we can prove it. Just call us.

If you're east of the Mississippi, phone the First Chicago Leasing Corporation (312) 732-8900. If you're in the west, phone United California Bank (213) 614-3185, or Warren & Selbert, Inc., (213) 826-4526.

We'll answer any questions you may have. And we'll even refer you to one of our present customers. Then you can hear first-hand about the benefits of the LAS system.

Better yet, find out for yourself:

Reason #6:

Your first run on LAS is free. That's right. Free.

Just fill out the coupon and send it in. We'll give you a run for none of your money.

That's how sure we are you'll find a reason to come back for more.

LAS

LEASE
ANALYSIS
SYSTEM

Name _____

Address _____

City _____

State _____ Zip _____ Phone _____

Company _____ Title _____

UNITED CALIFORNIA BANK
Paul Nibarger, Equipment Leasing Division (4-1)
600 S. Spring Street, Los Angeles, Calif. 90019

FIRST CHICAGO LEASING CORPORATION
Leon Smith
Two First National Plaza, Chicago, Ill. 60670

WARREN & SELBERT, INC.
Suite 512
12011 San Vicente Blvd., Los Angeles, Calif. 90049

JUN



WHEN ROZZO'S PIZZERIA ORDERED THEIR AIR CONDITIONING, THEY DIDN'T WANT EVERYTHING ON IT.

Sometimes our customers know exactly what they want. Air conditioning. Plain and simple.

And that's just what a Carrier dealer will give them. A no-frills Carrier unit with a price they can afford—installed with minimum interruption to their business.

Along with it, of course, they get the no-nonsense Carrier reliability you can't get with just any low-priced system.

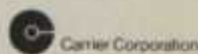
Whether you need low first cost, like Rozzo's, or maximum long-run efficiency (over 80% of all Carrier commercial units already exceed 1980's efficiency standards*), the man to call is one of the Carrier commercial dealers listed here.

Turn to him now. He'll save you money, any way you slice it.

*Established by the American Society of Heating, Refrigeration and Air Conditioning Engineers' Standard 90-75.

Carrier

Number One
Air Conditioning
Maker



Carrier Corporation

Alameda County: Engineered Air Systems
(415) 234-9822

Alameda County: A. R. Peterson & Sons
(415) 278-7500

Burlingame: B. B. Stern Co.
(415) 343-1856

Concord: Air Conditioning Systems
(415) 676-2103

Marin/Sonoma Counties: H&C Metal Products Inc.
(707) 546-3042

Napa/Solano Counties: Bell Products Inc.
(707) 255-1811

Redwood City: Redwood Plumbing & Heating
(415) 369-1793

San Francisco: Columbia Mechanical
(415) 398-5202

Santa Clara Valley: Buffalow's Inc.
(415) 961-7550

Santa Clara Valley: Lefco
(415) 969-6130

Santa Clara Valley: Weather Systems Inc.
(415) 494-6101

Walnut Creek: Walnut Creek Sheet Metal Co.
(415) 934-9886

HAUSERMAN
CLEVELAND / TORONTO



Open-door privacy with flair
— the only office interior bridging the gap between private and open space
is the Hauserman Office System . . .
space division, files and storage components, desks and work surfaces,
power distribution and lighting, accessories
and a new breed of graphics.



Hauserman, Inc., 5711 Grant Avenue / Cleveland, Ohio 44105 / (216) 883-1400
Hauserman Ltd, 125 Bethridge Rd. / Rexdale, Ontario, Canada / (416) 743-3211

I've helped people from all walks of life save millions of dollars in taxes and legal fees. And, while some of my best clients are lawyers, I ask you: Why give a lawyer a small fortune to form your corporation? Now you can save \$300 to \$1000 or more by using my exciting book, **"HOW TO FORM YOUR OWN CORPORATION WITHOUT A LAWYER FOR UNDER \$50."**

Here, you get all the information and forms needed to set up a corporation—any corporation.

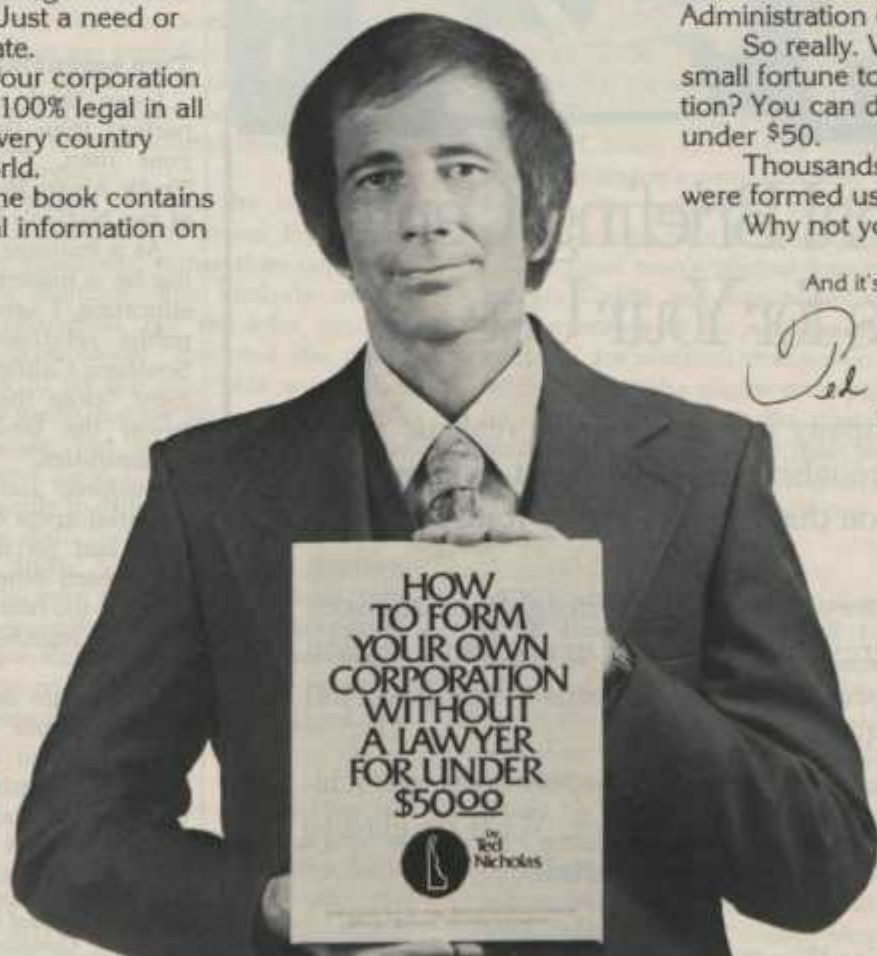
There are simple step-by-step instructions on easy to use tear out sheets, written in common, everyday English. Also, there are minutes, by-laws, as well as an actual certificate of incorporation.

There's nothing else to buy. And no special training or business expertise needed. Just a need or desire to incorporate.

Simple, and your corporation will be recognized 100% legal in all 50 States and in every country throughout the world.

As a bonus, the book contains a host of additional information on

"I HAVE HELPED THOUSANDS OF PEOPLE SAVE MILLIONS OF DOLLARS. HOW MUCH CAN I SAVE YOU?"



tax benefits and legal tax "loop holes."

There's even valuable data on selling your stock, the business of Registered Agents, and secrets of how to operate a corporation anonymously.

You'll discover the reasons why over 66% of the companies listed on the New York and American Stock Exchanges are incorporated in the "friendly" State of Delaware and how you can share in similar benefits. And, you'll learn why many smart people incorporate their "side" businesses and investments.

The United States Government has recognized that the type of service I offer is necessary, especially by those people interested in assistance from the Small Business Administration (SBA).

So really, Why give a lawyer a small fortune to form your corporation? You can do it yourself for under \$50.

Thousands of corporations were formed using my book. Why not yours?

And it's legal in all 50 States.

Ted Nicholas
Ted Nicholas

Book Highlights • How you can incorporate without any capital.

NB-7FC

- Personal tax benefits. • Why lawyers charge huge fees for incorporating services. • Sub Chapter "S" corporations. • How one person can be President, Secretary, and Treasurer.

Mr. Ted Nicholas, Foundation for Individual Enterprise
415 Beneficial Bldg., Wilmington, Delaware, 19801

Yes, I want to take advantage of your offer. Please send me, on approval, your money-saving book: **"HOW TO FORM YOUR OWN CORPORATION WITHOUT A LAWYER FOR UNDER \$50."**

☐ I'm enclosing my check or money order for \$14.95 includes postage, handling, and insurance costs.

Or charge to ☐ BankAmericard ☐ Mastercharge ☐ Diner's Club

☐ Carte Blanche

Account no. _____ Exp. date _____

Signature _____

NAME (please print) _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

*Fully revised and expanded hard bound Deluxe Edition.



National Briefing Center Is for Your Use

Your company can make more realistic plans for the future when you know what is happening in Washington that directly affects your particular interests.

An ideal way to obtain this insight about issues before Congress is to take part in a briefing session designed especially for your needs at the National Chamber's Briefing Center.

It is available for use by corporations, associations, or chambers of commerce. We'll be glad to send you a brochure with full details.

Phone or write Wayne Hopkins,
Director of Briefing Center,
Chamber of Commerce of the United States,
1615 H Street N.W., Washington, D.C. 20062.
Phone 202/659-6100.

zation or program required to reach that objective. Now I learn that we have many tax-gobbling organizations whose main objective is to find an objective.

Also, if there are no clearly defined objectives, how can anyone tell whether the organization does a good job or not? My guess is that lack of an objective enables many of our government agencies to survive.

How can our elected officials allow the continuation of programs or agencies that do not have clearly defined objectives?

How soon will our elected officials create an agency with the objective of creating objectives for government agencies that now lack objectives?

Frightening, isn't it?

CHARLES F. BEARDEN
Manager, Sales Publications
Moorman Mfg. Co.
Quincy, Ill.

Two essential areas

I can think of nothing more important than the goals set forth in your item, "Telling Students the Truth About Business" ["Panorama of the Nation's Business," March].

As a business executive now working on a master's degree in English education, I agree with Jon B. Riffel, public relations vice president of Southern California Gas Co., that we must "close the gap that exists between the business and academic communities."

Business and education are two essential areas of our lives, yet they have had so many misconceptions about each other. The result is that they all too often find themselves not working together toward their common goals.

A program such as that of Southern California Gas, which involves students from academic disciplines other than business, is an admirable beginning toward eliminating those misconceptions.

JACK S. SCHIFFMAN, JR.
Secretary-Treasurer
Casual Corner of Columbus, Inc.
Columbus, Ga.

Bravo

Bravo to John Costello for his item, "The Best Way to Deal With Women Co-Workers" ["Executive Trends," February].

I hope businessmen will take his advice and make an honest attempt to treat women as they would treat men.

LUCY CARTER
Hendersonville, Tenn.

A Case of Overkill in Federal Regulation

THE CONSUMER Product Safety Commission, created by act of Congress in the fall of 1972, got organized and down to work in the spring of 1973. Shortly thereafter, in August, the Outdoor Power Equipment Institute filed a formal request for standards to govern the manufacture of power mowers. Perhaps it seemed a good idea to the institute at the time. Now, nearly four years later, a set of standards has come forth. Let us inquire, if you please: What hath bureaucracy wrought?

This should be said at the outset, right up top, lest it be overlooked: There is nothing funny—nothing at all—in the accidents that accompany the use of power mowers. Severed fingers, mutilated toes, an eye blinded by a thrown rock—these are tragedies not to be minimized. In fiscal 1976 an estimated 56,000 persons went to hospitals for treatment of mower injuries. The bureaucracy at work may have its ludicrous aspects. That bloody procession has none.

Very well. In November of 1973 the commission granted the request of the Outdoor Power Equipment Institute. Mandatory standards, rather than voluntary guidelines, would be required. The institute offered to prepare a draft regulation, but the offer was declined. Instead, the commission "accepted the offer" of Consumers Union to do the job. This was rather like asking a pack of foxes to draw up security specifications for a henhouse, but no matter. Consumers Union set to work, and for a \$250,000 fee delivered a proposed set of standards in July of 1975.

The commission's staff then fell to work on the Consumers Union draft. Various public meetings were held. Comments were solicited. Additional tests were undertaken. Independent experts were consulted. It all took time—time and a mountain of paperwork. On April 8, 1977, the commission at last released its proposed final version. It is, to say the least, an impressive package.

GETTING at once to the heart of the matter, the commission's principal proposal is for a kind of dead man's control on the handles of the familiar walk-behind mower. Once the rule became fully effective, every mower would have to be so equipped. Within three seconds after the operator released the control, the engine would stop. It would then have to be restarted. The rules mandate an "easy restart" mechanism to facilitate the task. A number of less obnoxious safety features also would be required.

To the fellow who cuts grass regularly, the principal requirement is likely to be viewed as a proposal from the dream world. On the neat green lawns of the test-

ing laboratories, perhaps nothing ever intrudes upon the orderly progress of the power mower at work. The perfectly tuned engines start and restart with the merest flick of the wrist. The operator mows methodically back and forth, leaving a ribboned fairway behind.

In the real world, the commission doubtless will be told, things are not that way at all. The typical power mower is a temperamental little beast. It starts when it pleases, and it quits when it feels so disposed. In the real world, an operator is subject to incessant interruptions. There is a tricycle in the way, or a tennis ball, or a rock, or a fallen limb, or an old collie who refuses to budge. The afternoon mowing is interrupted by brief pauses for talking with a neighbor, for lighting a cigarette, for wiping away honest sweat, for scratching one's nose. Under the commission's mandatory standard, every such pause would kill the engine. By the commission's own estimate, "it may be necessary to start the engine 250 to 300 times more during a mowing season than is presently done."

The dead man's control was recommended by Consumers Union and was accepted from the outset by most members of the commission. Dr. R. David Pittle held out for a clutch that would disengage the blades while leaving the engine running, but he was outvoted on grounds of cost. At the press briefing in April correspondents were told that several manufacturers doubtless would offer a clutch device willy-nilly, intended for customers able to pay a substantially higher price.

ON THIS business of cost: Early on, the commission directed its Bureau of Economic Analysis to make an assessment of the economic impact of the proposed safety standard. The bureau contracted with the Battelle Columbus Laboratories to assist in the task. One of Battelle's first assignments was to determine if a full-blown environmental impact statement would be required. It is interesting to learn how these things are done. The Battelle people put together four hypothetical "matrixes," in which 30 or 40 conceivable environmental consequences could be examined. These were defined as the "magnitudes of possible impacts." After careful study, Battelle concluded that the adverse environmental impacts would be too insignificant to warrant a full-blown environmental impact statement. This was a great relief for everyone concerned.

The four matrixes also were used in determining economic impact. What would the standard mean to the consumer? To the manufacturer? Would the standard produce a net gain or a net loss?

This is how these things are done. The commission assigned a cost of \$93 million to the 56,000 injuries suffered annually in mower accidents. It assigned a value ranging from \$6 million to \$48 million for the 24 deaths experienced. Then the commission doubled the calculated economic costs of the injuries "as a moderate estimate for pain and suffering" and came up with total costs of power mower-related accidents amounting to \$285 million to \$327 million a year.

The proposed safety features would increase by an estimated \$36 the retail price of a walk-behind power mower that now sells for \$100 to \$150. Riding mowers would go up by an estimated \$69. By projecting a sales curve two years after the effective date of the safety standard, the commission was able to predict an increased cost to consumers of \$240 million to \$330 million. The benefits and the costs to the consumer thus neatly balance.

ALSO, the commission's Bureau of Economic Analysis examined the prospective consequences in terms of manufacturers. More than 100 companies manufacture power mowers. These firms employ 20,000 persons. Retail sales of power mowers "were probably over \$1.5 billion in 1976." That may seem a startling figure, but the commission estimates that 33 million households use walk-behind mowers and another three million use riding mowers. Roughly five million new units are sold annually.

The safety standard would mean hard lines for the smaller manufacturers. The commission acknowledges that "a major redesign and retooling effort will be required in order to modify existing mowers to comply with these more stringent requirements." The 20 largest manufacturing firms may not encounter great difficulty, but the little fellows will have trouble both with engineering and with capital financing. Because sales are expected to drop by 20 percent for walk-behinds and ten percent for riding mowers, owing to the higher retail prices, some small companies may be forced to the wall. "A maximum of 1,000 to 1,800 employees could lose their jobs."

After circulating through eight offices and five bureaus, the proposed safety standard at last emerged from the Office of Standards Coordination and Appraisal as a package of precisely 100 pages. The standard's 15 sections begin with a series of definitions and wind up with a series of findings. In between are rules that would govern a series of tests. All mowers, for example, must pass a "foot probe test," in which an object simulating a human foot is thrust under the spinning blades. The foot probe test is to be coordinated with the "terrace test." There is also an "obstruction test," which has to do with raising one wheel at a time. The rules require a shield strength test and a handle test. "Mower handles are required to be provided with an upstop to prevent the rearmost part of the handle from moving closer than 430 mm. (16.93 in.) to the vertical line through the nearest point on the blade tip circle. However, it is permissible to provide a means to temporarily disable the upstop." All clear?

Manufacturers must also test their machines in terms of thrown objects. The thrown object test has been devised by the Research Triangle Institute of North Carolina. An octagonal target enclosure surrounds an artificial turf surface which supports the mower to be tested. Sixpenny nails are injected from three positions into the blade of the mower while it is operating, "and the number and location of the hits of the nails that are propelled against the walls of the enclosure are recorded."

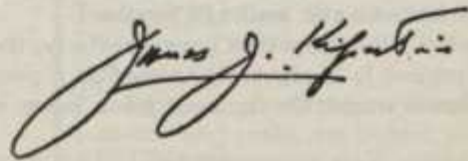
STILL ANOTHER test deals with the "easy restart" mechanism. The reason for this requirement is that the commission, with good reason, fears many purchasers will tinker with the dead-man control and effectively disable it. In the Consumers Union draft, a couple of ingenious interlock mechanisms had been proposed to thwart the wily purchaser. The commission turned these down. In the commission's view, no device, no matter how ingenious, would discourage the user who was determined to outwit the thing. "Accordingly, the commission conducted human factors research to determine starting effort levels which most consumers will consider to be 'easy.'" The test of an easy start is whether the mower can be started "by a 23 kg. (50 lb.) weight dropping 61 cm. (24 in.)."

There is more—much more. The standard goes into blade stopping times, fuel ignition hazards, riding mower stability, steering requirements, brake requirements, shield requirements, and warning labels. The nature of the warning labels finally provoked some audible dissent within the commission's ranks. As originally proposed, the safety standard called for a warning label in the form of a hand with four severed fingers. The dripping blood was to be depicted in bright red. It was too much for William V. White in the Bureau of Information and Education.

"My vote for disapproval," he wrote, "is based primarily on the continuing inclusion of the ridiculous CU warning symbol, generally referred to as the 'bloody stump.' . . . It is a poor communication device that will be offensive to sensitive consumers."

BUT the more Mr. White thought about the standard as a whole, the more he was disenchanted by the entire proposition. "Having been personally involved in many lawn mower safety demonstration projects and research studies since 1961," he commented, "my general conclusion is that this proposed standard is an overkill. We will be mandating a product that most consumers do not want at a price they cannot afford to pay."

Perhaps impressed by this objection, the full commission backed away from the bloody stump and endorsed a milder warning label. As for the rest—it all remains.



Why Puerto Rico offers manufacturers the world's best investment climate

by Max Ways

A former Fortune magazine editor, Max Ways, tells how this United States Island has been able to develop "the world's most successful program of industrialization."

Read his report. Then send in the coupon for details.

"Businessmen are becoming more aware that their costs are largely determined by the political and social climate of areas where they operate.

"In many parts of the world, including some states of the U.S., business is regarded as an enemy or as the easiest target of taxation. Not so in Puerto Rico.

\$5.5 billion invested

"Since the 1940's Puerto Rico's people and leaders have made an intense and successful effort to industrialize their Island—to attract manufacturers and to hold them. Over a hundred corporations in the Fortune 500 now have plants in Puerto Rico. All told, \$5.5 billion of investment in almost 1,800 plants has been made in Puerto Rico since the industrialization program began.

"By the terms of this program, Puerto Rico is a full participant in the U.S. economy. Goods made in Puerto Rico enter the mainland without tariffs or restrictions.

Free of U.S. taxes

"But the plants that make the goods are free of U.S. taxes. Moreover, factories locating in Puerto Rico are granted up to 30 years of immunity from Island taxes.

"In some countries, the invitation to business is, in reality, no more than a transparent sticker pasted on



Max Ways tells how Puerto Rico's free enterprise industrialization program helps attract manufacturers—and keep them.

an unmistakable socialist policy.

"In no case, except that of Puerto Rico, has a program of attracting business been the heart and center of a government's economic policy for a whole generation.

More than tax breaks

"Industrial managers I've talked to praise Puerto Rican workers. 'They are eager to learn.' 'Productivity is high.' 'They get involved in the job.'

"Such comments signify that 'the climate' reaches deeper than governmental policy.

"And this climate will, I believe, persist for many years. Puerto Ricans aren't likely to forget what free enterprise has done for them.

"It has created 400,000 jobs, rapidly raised the standard of living and transformed their society from stagnation to dynamism.

"In spite of this, unemployment is still high—three times that of the mainland. But industrialization has justified Puerto Ricans' political and economic hope for the future and their faith in free enterprise.

"In short, Puerto Rico offers U.S. manufacturers the world's best

business climate—and there is every reason to believe this deep-seated attitude will continue."

Puerto Rico's incentives

Here's what you can get when you set up a plant in Puerto Rico:

1. 100% tax exemption. There are no Federal taxes on corporate profits, no local taxes on corporate income.

2. Repatriation of profits to the mainland. Under existing Federal and Puerto Rican law, you may repatriate all profits free of taxes at the end of your exemption period of 10 to 30 years. Or, pay a 7% to 10% tax to Puerto Rico and repatriate your profits any time.

For immediate action

Call our industrial representative nearest you. New York: (212) 245-1200; Atlanta: (404) 577-7345; Boston: (617) 262-1310; Chicago: (312) 565-0910; Los Angeles: (213) 553-6393; Dallas: (214) 387-0267.

Send for free fact file

Puerto Rico
Economic Development Administration
Dept. NB-9, 1290 Ave. of Americas
New York, N.Y. 10019

I'd like to know more about the promising investment climate in Puerto Rico.

Please send me a free copy of your "Fast Facts About Puerto Rico."

The products I might be interested in manufacturing in Puerto Rico are:

Name _____

Title _____

Company _____

Address _____

City _____

State _____ Zip _____

© 1977 Puerto Rico Economic Development Administration

You're in good company in Puerto Rico, U.S.A. ALLIED CHEMICAL • AMP • BECKMAN INSTRUMENTS • BLOCK DRUG • CARBORUNDUM • CHESEBROUGH-POND'S • CHEVRON CHEMICALS • CLOROX • CONAGRA • EDHLIN MANUFACTURING • EMERSON ELECTRIC • ESMARK • FIRESTONE TIRE & RUBBER • GTE SYLVANIA • GILLETTE • HANES • INTERNATIONAL PAPER • JANTZEN • MOTOROLA • OMARK INDUSTRIES • PFIZER

Ten-Year Outlook for U. S.

Brighter days are in the offing for the economy, particularly in the South and West. That is the prediction of Chase Econometric Associates, Inc., a subsidiary of Chase Manhattan Bank.

Chase economists, projecting U. S. growth for the next decade, find personal income for the entire nation will rise 120 percent, in 1977 dollars. According to the economists, the South Atlantic states will lead all other areas with an increase of 138 percent, followed by the Rocky Mountain and Pacific states, each area with an increase of 124 percent. Personal income in the East South Central states will rise an estimated 122 percent, and in the West South Central states, 121 percent.

The following areas will show personal income increases below the national average, Chase economists say: Northeast, 119 percent; Middle Atlantic, 115 percent; East North Central, 110 percent; West North Central, 108 percent.

Despite its comparatively low increase in personal income, the West North Central area will establish a new peak in housing activity in 1979, according to the Chase forecast. Last year that region and the Pacific Coast states exceeded their previous peaks in single family housing starts, set in 1972.

Three other regions, the South Atlantic, West South Central, and Mountain, are predicted to set new highs for housing starts by 1980, while the East South Central region should do so by 1981. However, it will be 1985 or later before new peaks are reached by the Northeast, Middle Atlantic, and East North Central regions, Chase economists say.

Nonagricultural employment in the U. S. will grow an average of 26 percent in the next decade, this forecast estimates. The South Atlantic and Mountain states will lead with an increase of 32 percent, followed by the Pacific region with 31 percent more jobs. Slowest growth is forecast for the East North Central area, 19 percent, and the Middle Atlantic, 22 percent. •

NASA Spurs Transfers of Space Technology

In a continuing effort to speed the transfer of aerospace technology to industry, the National Aeronautics and Space Administration has turned its attention to manufacturing.

Under a \$150,000 contract, the Illinois Institute of Technology Research Institute in Chicago is establishing a manufacturing technology applications team which will review NASA-developed technology and identify processes that have manufacturing applications.

The NASA Technology Utilization Office, which directs the federal effort to market space-age spin-offs, already operates technology application teams in the medical, transportation, environment, and local and state government areas. The new team will work with companies, industrial associations, and professional groups.

Initially, the group will concentrate on the machine tools, heavy equipment, electronics assembly, and light fabrication and assembly industries. NASA says that if the effort proves successful, the team will expand its scope to other industries. •

New Phosphate Find in Midwest

The U. S. Geological Survey has discovered potentially rich deposits of phosphate in northern Michigan. Phosphate is an important raw material in the production of fertilizer, food supplements for animals, and detergents, and for electroplating and polishing metals.

The discovery came through routine laboratory tests of field samples taken on a general geological survey of the area northwest of Marquette, Mich.

Rich deposits would be a boon to nearby Midwestern farmers, who would benefit from lower transportation costs from this close source of supply. Most U. S. phosphate now comes from Florida, North Carolina,

continued on page 60B

AVIS TRUCKS HARDER AT THESE LOCATIONS:

| | |
|-----------------------------------|----------------|
| Alabama: Birmingham | (205) 251-3223 |
| Arkansas: Little Rock | (501) 375-2414 |
| California: Fresno | (209) 485-5580 |
| Los Angeles | (213) 748-8601 |
| Oakland | (415) 635-3300 |
| San Bernardino | (714) 885-7501 |
| San Francisco | (415) 285-3500 |
| San Jose | (408) 984-1345 |
| Santa Clara | (408) 984-1345 |
| Wilmington | (213) 835-3173 |
| Colorado: Craig | (303) 824-3244 |
| Connecticut: Bridgeport | (203) 384-1235 |
| Hartford | (203) 246-1933 |
| District of Columbia: | (202) 526-5400 |
| Florida: Orlando | (305) 843-1380 |
| Tampa/St. Petersburg | (813) 626-7165 |
| Georgia: Atlanta | (404) 351-5330 |
| Macon | (912) 746-3521 |
| Illinois: Peoria | (312) 637-3546 |
| Indiana: Indianapolis | (317) 632-5325 |
| Kentucky: Louisville | (502) 366-0331 |
| Louisiana: New Orleans | (504) 524-7567 |
| Maryland: Baltimore | (301) 338-1500 |
| Michigan: | |
| Dearborn / Detroit | (313) 584-7000 |
| New Jersey: Matawan | (201) 566-8111 |
| Piscataway | (201) 752-6800 |
| New York: Bronx | (212) 329-3800 |
| Brooklyn | (212) 389-2100 |
| Garden City Park | (516) 742-0800 |
| Maspeth | (212) 894-4386 |
| New York | (212) 255-0900 |
| Poughkeepsie | (914) 462-7400 |
| Utica | (315) 732-5555 |
| Ohio: Akron | (216) 762-0231 |
| Cincinnati | (513) 542-4800 |
| Cleveland | (216) 432-2323 |
| Columbus | (614) 486-5988 |
| Dayton | (513) 228-2000 |
| Parma | (216) 362-0100 |
| Toledo | (419) 729-9791 |
| Youngstown | (216) 744-4284 |
| Pennsylvania: Philadelphia | (215) 467-7800 |
| Lancaster | (717) 393-9667 |
| Pittsburgh | (412) 781-1742 |
| York | (717) 764-1178 |
| Rhode Island: Providence | (401) 831-7500 |
| Texas: El Paso | (915) 778-5451 |
| Houston | (713) 659-1205 |
| Virginia: Richmond | (804) 358-1511 |
| Wisconsin: Milwaukee | (414) 272-8520 |

**For Leasing or Rental,
Call Collect.**

Check the Yellow Pages
for other listings.

900 Old Country Rd., Garden City, NY 11530

AVIS TRUCKS HARDER

"We had owned until two years ago. We went with Avis because of recommendations from other people.

Our main reasons were convenience, maintenance, avoiding downtime problems, and replacement vehicles. Avis made a study of our problems. They stayed with us and gave us the pros and cons. They make a large effort to get problems solved. They're exceptional people."

Joe Mirsky, President
Beckman Office Supply
Houston, Texas
5 trucks leased



To get Avis trucking harder for you just call the Avis Truck office number in your area listed on the left.

AVIS
TRUCKS

Good news if your biggest customer goes bankrupt.

Smile. Here's good news about bad news. If your biggest customer is facing a sea of red ink, you don't have to get soaked. Not if you're protected by American Credit Indemnity Bad Debt Insurance.

An ACI policy eliminates catastrophic bad debt loss. These days, even well-rated accounts can fail. Why chance bad debt disasters when you can insure against them?

ACI provides other benefits, too. Like loss prevention counsel on key risks. Plus ACI's leverage on slow-pays. And with your receivables insured, your banker will be a lot happier to see you when you plan to borrow.

What's the cost of this security blanket for your business? Normally only 1/5 to 1/10 of 1% of sales.

And the premium is often more than paid for by the profit from extra sales that ACI protection permits.

ACI has specialized in Bad Debt Insurance since 1893. Today, as part of the \$4 billion Commercial Credit financial family, we find many other ways to help. Like collection services, business loans, vehicle leasing, equipment and aircraft leasing and financing, factoring, real estate financing and much more. More business services than any other financial source.

Let ACI give you the good news about bad news. For additional information, without obligation, write: American Credit Indemnity Co., Dept. FG34, 300 St. Paul Place, Baltimore, Md. 21202. Or call collect today.

We find ways to help.

**AMERICAN CREDIT
INDEMNITY COMPANY**

BAD DEBT INSURANCE

GD a financial service of
CONTROL DATA CORPORATION



(301) 332-3300

Should We Curb or Stop Arms Sales Abroad?

THERE is an old belief that if a country does not have guns, it will not start a war.

This presents the question: Should the United States slow down, or even stop, arms sales abroad as a means of easing world strife?

President Carter wants to reduce the traffic in arms. Some prominent Americans support him. They point out that the United States is the leading supplier of weapons for developing countries, the nations that are believed most likely to get into wars. Four nations—the U. S., the Soviet Union, France, and Britain—provide 90 percent of the arms going to developing countries.

Americans who want to end our arms sales say world opinion will force others to follow suit if the U. S. sets an example. Since arms sales are

only a small percentage of our exports, our balance of payments would not be seriously affected, they say.

In addition, critics of arms sales argue that our consciences will be clearer if we do not sell munitions.

Andrew J. Pierre, a senior research fellow of the Council on Foreign Relations, comments: "The time has now come to seek multinational restraints on the arms trade in cooperation with other supplier countries. Perhaps we can all agree, in some cases, not to sell."

There is another side, however. American arms sales abroad average \$8 billion to \$10 billion a year. If the U. S. stops or reduces these sales, it is said, other suppliers will rush in to fill the gap.

To believe otherwise is naive, those favoring continued U. S. arms sales

say. They point to several instances where the Soviet Union and France made large arms sales abroad after the United States turned down opportunities. Many nations sell arms, it is pointed out—even smaller nations such as Sweden.

Rep. Samuel S. Stratton (D-N. Y.) argues for arms sales, saying that they "have been very much in our national interest and should be continued. Carefully structured sales to Israel, Iran, and other Middle East countries have served to stabilize an otherwise explosive situation, thereby enhancing our own security. Incidentally, they helped earn back some of those precious petrodollars, too."

Should the U. S. slow down or stop arms sales to other nations? What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should the U. S. curb or stop arms sales to other nations? ☐ Yes ☐ No

Comments:

.....
.....
.....
.....

Name and title

(PLEASE PRINT)

Company

Street address

City State Zip

Strong Opposition to the Wage-Price Council

THE federal government's Council on Wage and Price Stability will cease to function after September, unless Congress decides to extend its life.

Should it continue in operation?

There are those who say yes and those who say no. Readers of NA-



Roger A. Eatman, Florida Power & Light Co. commercial manager in Venice, Fla., votes no, saying: "Existence of this council is nothing more than a superficial attempt to stabilize the economy."

TION'S BUSINESS appear to be overwhelmingly among the latter.

The council has the power only to monitor and comment on wage-price developments, but some advocates of the council's continuation hope for more. They see the agency as a readily available mechanism for shifting the nation to wage-price controls, since the council could be given authority to establish standby controls which could quickly be actualized by the President.

Those against keeping the council generally are opposed to controls, feeling that the government should not meddle in decisions that are appropriately handled in the marketplace.

Five out of six responses to the April "Sound Off to the Editor" question—"Should We Keep the Council on Wage and Price Stability?"—are in the negative.

"A free market, left to the natural economic course of events, serves to police itself better than a bunch of know-nothing bureaucrats," says Richard Fratus, a district manager for A. M. Castle & Co., Galion, Ohio.

"Most of the council's policies and powers run directly counter to the most effective elements of a free en-

terprise economy," states Allen D. Brown, president of Greenlee Engineering and Manufacturing Co., Inc., Pico Rivera, Calif.

These two comments are typical of many. Other respondents point to specific advantages they feel would be gained by dissolving the council.

For example, K. W. Kessler, director of external reporting for Atlantic Richfield Co. in Dallas, says that "the Bureau of the Census, the Bureau of Economic Analysis, the Office of Management and Budget, or maybe even others are better prepared to monitor wages and prices." Mr. Kessler makes it clear that he feels monitoring is one thing and controlling, another. "Controls are an infringement on my rights, a cosmetic attempt to treat a symptom rather than a commitment to finding a solution to the real problem," he says.

And Harland W. Shorey, plant manager for Industrial Towel and Uniform, Inc., Neenah, Wis., states: "With the council in existence, both labor and business live in doubt as to the exact policy of the administration, and decisions are made on the basis of the possibility that controls will be reinstituted."

Alfred A. Lasiter, president of Aloha Party Sales, Inc., Honolulu,



Jordan W. Saletko, comptroller, Brittany, Ltd., Chicago, favors retaining the council. "The council's prior controls on wages and prices kept inflation, profits, and prices within reason," he says.

voices this objection to wage and price controls: "A person should be paid in relation to his or her efficiency and dedication to the company and/or the job. Controls tend to hold back an employee with great potential and a chance for promotion."

Some respondents voting no believe the council does nothing to curb inflation. "What government agency can successfully hold back economic trends?" asks Steve Blanchard, president of Packer-Scott Co., Portland, Oregon. "If wage-price controls are invoked, the economy goes into infla-



"Government controls have failed in every case; the free market is the best system to set wages and prices," says Russell C. Lyons, plant manager for the Sherwin-Williams Co. in Greensboro, N.C.

tionary chaos when the controls are eventually released."

But Robert B. Cobie, plant manager for Guardian Industries Corp., Carleton, Mich., wants to keep the Council on Wage and Price Stability. "I am 100 percent against wage and price controls," he says, "but I feel strongly that the council is good for the nation in continuing to monitor the inflationary situation in our country, along with making comments on wage and price developments."

Also in favor of retaining the council is Robert S. Carlson, senior vice president of The Carlson Group, Inc., Cohasset, Mass. He gives this reason: "In the construction business, this council is essential. The unions will not police their wage activities without the threat of the council. For that matter, neither will industry."

However, H. A. Anderson, controller for Firestone Steel Products Co., a division of the Firestone Tire & Rubber Co. in Spartanburg, S. C., echoes the view of the majority of respondents. He says: "Under the free enterprise system, wages and prices should be allowed to fluctuate with supply and demand. Previous experience shows government intervention does not settle anything."

When you get the versatility of ordinary construction without the uncertainties...

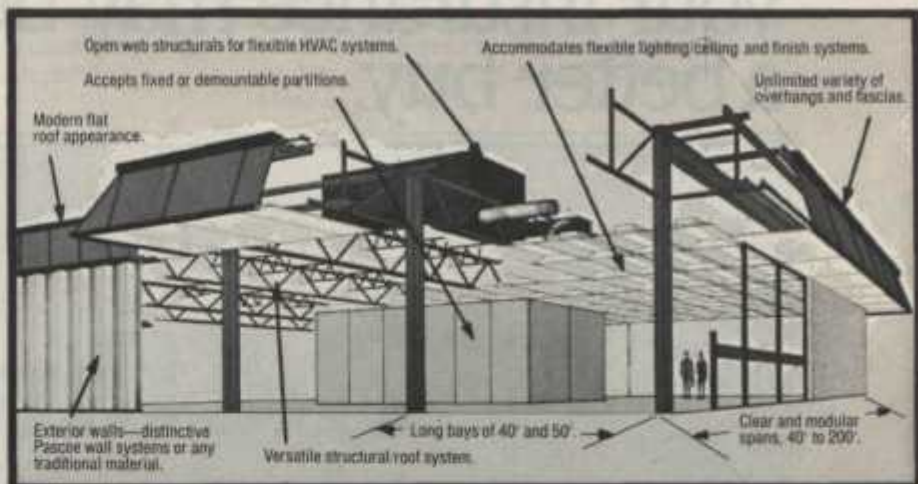
Also voting no is Gary Rinehart, sales manager for Thomas & Howard, Hickory, N. C. He comments: "We never had more inflation than when this council was heavily involved in our free enterprise system. The less government involvement, the better for all of us—both buyers and sellers. In addition, the cost of operating the agency could be gotten rid of."

Rose M. Ostby, owner of Wise Personnel Agency, Corvallis, Oregon, expresses this concern in support of her no vote: "I cannot believe that the council is fully aware of the problems of small businesses or the unemployed. More people than ever are out of work, and few young, aggressive people are able to make a place for themselves." She adds: "Let us have more respect between the government and the public."

And W. V. Toohey, sales manager for Bethlehem Steel Corp., Bethlehem, Pa., wants to see the council dissolved because, he says, it "does not function equitably." He explains: "The council ignores wage settlements and hops on price increases only. This is nondemocratic."

Chuck Lurie, plant manager for ABC Manufacturing Corp., Ashland, Miss., feels differently. "We need this council as a watchdog," he says. "Even though the basic premise of our free enterprise system denies such a council, it is absolutely essential to alleviate fears of both the business sector and individuals."

A pungent comment comes from Frank A. Calhoun, owner of Calhoun Drywall Co., San Bernardino, Calif. He votes no on the question and says: "It is true that government-imposed wage and price controls can be an effective method of stabilizing the economy—stabilizing it to a no-growth depression and inflation economy where everyone can be equally poor." Then he asks: "Why doesn't the government impose a control to stabilize the size of the waves in the ocean?"



That's a Pascoe Milestone!

With *Milestone*, Pascoe introduces a building system with a superior metal roof that combines maximum design flexibility with total cost, time and materials control.

No more compromises, no more uncertainties.

From a wide span obstruction-free manufacturing facility to a compact office building... from a modern retail outlet to an expandable community building... from a beautiful car showroom to an environmentally controlled warehouse... *Milestone* is planned and constructed to your precise needs, on time and on budget!

Your design.

The only permanent elements of *Milestone* are its flexible structural system and its integral Permalok roof—the rest is up to you.

Exterior walls can be finished with a Pascoe wall system or any aggregate, wood, brick, metal, glass or stucco material.

Fascias and soffits can be virtually any material, with overhangs varied in projection, slope and style to match your taste.

Inside you can select any type of lighting/ceiling, heating/cooling, partition or finish systems—modular or traditional.

All under the protection of the uncompromising Permalok roof system.

Save time and money, too.

Whether it's our new exciting *Milestone* series or our time-tested *Profile* series, a Pascoe building gets you into operation weeks, sometimes months, faster than ordinary construction.

And with on-site labor costs increasing faster than in-plant labor costs, Pascoe buildings are a better buy than ever.

No surprises.

Construction costs are predictable from start to finish. Maintenance costs are dramatically lower.

Our buildings are easily insulated to substantially save on energy, too.

And a Pascoe building is ready to grow when you are—expandability is built-in.

Depend on us.

We're experienced. For 30 years Pascoe buildings have been serving business and industry around the world. You can depend on Pascoe Buildings.

So for your next building, get everything under your control. Go the sensible Pascoe Plan and Build way. Contact your local Pascoe Builder.

PASCOE STEEL CORPORATION, 1301 E. Lexington Ave., Pomona, Ca. 91766 • (714) 623-1411

Yes, I'm interested in versatility and control when I build...

☐ Rush me your **FREE**

"What You Should Know Before You Build" Guide.

☐ Send me your *Milestone* Brochure.

☐ Please have your local Pascoe Builder give me a call.

Name/Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____

NB67

PASCOE BUILDING SYSTEMS

...changing America's building habits.

Manufacturing facilities nationwide: Pomona, CA/Columbus, GA/Wathena, KS.



If this ad gets enough people to act,
your insurance may become
a better buy.

**The threat of
being sued is
now a big part
of your doctor's
practice.**

**Guess why
your medical
bills are
skyrocketing.**

Insurance rates are at record levels. Some types of coverage are becoming unaffordable.

Now then. Insurance companies are required to see that there is enough money on hand to cover losses as they occur. So rates are based on expected claims.

And frankly, rate increases could go on forever if the public is willing to pay for them.

But at The St. Paul we think people ought to know the score. Because ultimately they pay for high claims costs.

So we're running advertising like this. Hopefully,

it will inform the public and encourage them to take a long hard look at what is happening and then take action.

And if that happens, insurance rates might just stabilize. That would be a nice change.

You can help. Get one of our Enough is Enough booklets from your local Independent Agent or broker representing The St. Paul.

It's full of information on the causes, the pro's and the con's of some possible cures for high insurance rates.

At The St. Paul we feel Enough is Enough.

How do you feel?

The medical malpractice situation is a mess.

Insurance companies are paying out record settlements in a record number of malpractice cases. The St. Paul's case load, alone, tripled between 1969 and 1975.

Insurance companies, in turn, have had to raise doctors' and hospitals' malpractice insurance rates to record highs.

This cost is added to patients' medical bills which is one of the reasons your medical care costs are rising.

What's more, you may be paying for treatment you don't need and your doctor doesn't want to give. Reason? Doctors and hospitals have been forced into practicing "defensive medicine" to build malpractice defenses in advance. This stacks still more on top of your already high cost of medical care.

On top of that, some doctors and hospitals report cutbacks in high risk treatments for fear of being sued. That means the quality of your medical care could be affected.

About half of all malpractice claims are eventually found to be without merit. Nevertheless, it is costly for the insurance companies to investigate and defend these claims.

So it's not only a vicious circle, it's a vicious escalating spiral that's dipping deep into your pocket every time you need medical care. Or each time you or your employer pay a medical insurance premium.

We at The St. Paul thought you ought to know about this mess, since you help pay the bill. And also because you might want to take some action.

To learn what you can do, send for our "Enough is Enough" consumer booklet. It's full of information on the causes and the pro's and con's of some possible cures for high insurance rates. You'll find out how to register your views where they'll count. Along with some tips on how you can hold down your own insurance costs.

Then get involved. Support the action you want taken.

Write a letter to your legislators. Be heard.

Or you can just do nothing and figure the problem will go away. Of course if it doesn't, better keep your checkbook handy.

Enough is Enough

Write The St. Paul for your Enough is Enough booklet. Or contact an Independent Agent or broker representing The St. Paul. He's in this with you and wants to help. You'll find him in the Yellow Pages.

St. Paul Fire and Marine Insurance Company, 385 Washington St., Saint Paul, MN 55102.

THE St Paul
Property & Liability
Insurance



Serving you through Independent Agents, St. Paul Fire and Marine Insurance Company/St. Paul Mercury Insurance Company/The St. Paul Insurance Company/St. Paul Guardian Insurance Company/The St. Paul Insurance Company of Illinois. Property and Liability Affiliates of The St. Paul Companies Inc., Saint Paul, Minnesota 55102.

Consumer Protection: What's at Issue



THE BUSINESS COMMUNITY feared that the bill before the Senate would lead to immense harassment of employers through more complex and costly government regulations and mountains of additional paperwork.

Opening floor debate on the measure, the chairman of the committee that had approved the legislation sought to ease such fears.

"Our bill is fair and reasonable," he said. In fact, he found nothing in its language that would suggest any cause for alarm about the authority the legislation granted to the government.

"All the elements of due process certainly are written in," he explained.

Enter OSHA

Amid such assurances, the Senate and later the House went on to pass the Occupational Safety and Health Act of 1970.

Since then, business has had more

than enough opportunity to judge for itself the fairness and reasonableness of the Occupational Safety and Health Administration created by that law.

Today Congress is considering legislation to create another government agency that would have a major impact on business—an Agency for Consumer Advocacy.

This agency would, in the language of the legislation, "represent the interests of consumers before federal agencies and courts, receive and transmit consumer complaints, develop and disseminate information of interest to consumers, and perform other functions to protect and promote the interests of consumers."

Business leaders generally believe that any government agency operating along those lines could not help but be a source of major new regulatory and paperwork demands on employers.

The ultimate cost of additional operating expenses forced on busi-

ness as a result would, of course, be paid by the consumer whom the agency is supposed to protect.

Fundamental question

Which raises the fundamental question of how much protection the consumer needs—and how much the consumer wants to pay for.

Under the legislation, a company already involved in litigation with one government agency—the Federal Trade Commission, for example—could find itself also confronted by the consumer agency, adding to the company's costs of meeting the government challenge.

A company which managed to win its case before a regulatory agency could still face a whole new round of litigation. The consumer agency would have the power to contest in the courts regulators' decisions that the agency does not like.

Despite these and other provisions of the consumer legislation that worry businessmen, sponsors of the leg-

The Consumer Agency Question at a Glance

The Issue: How to make certain that consumer interests are best protected in federal regulatory agency proceedings affecting those consumers.

Specifics: Legislation pending in both the House and Senate would establish an independent federal Agency for Consumer Advocacy with authority to intervene on behalf of consumers before government regulatory agencies. The new agency could appeal to the federal courts if not satisfied with the outcome of those proceedings. The agency would serve as a clearinghouse for consumer complaints, maintaining a public record of individual allegations and individual business responses to them. The legislation would also give the Agency for Consumer Advocacy a broad grant of authority to "perform other

functions to protect and promote the interests of consumers."

The Majority Business Position: Consumer interests can best be served by making sure that the many existing federal agencies with consumer-protection responsibilities do their jobs effectively. Creation of still another federal agency would mean more business regulation, more paperwork, and eventually higher costs to consumers at the very time the general public is becoming increasingly convinced that government is already too big, too pervasive, and too costly.

The Other Viewpoint: Consumer interests are not now adequately represented in regulatory agency proceedings. Creation of a consumer protection agency would help make government more responsive to citi-

zens' needs. The bill confers no authority for the proposed new agency to issue regulations affecting business and contains adequate safeguards to assure that the new consumer unit does not become a source of additional government harassment of business.

Outlook for Action: Sen. Abraham Ribicoff (D.-Conn.), chairman of the Senate Governmental Affairs Committee, has expressed hope that Congress will pass and send the legislation to the President by July 1. Mr. Carter supports the bill. Both the Senate committee and its House counterpart, the Government Operations Committee, have approved the legislation. The next step is voting by the full House and Senate. The bill is believed to be in trouble in the House. Senate passage is more likely.

islation are offering the same type of reassurance that employers heard during the OSHA debate.

Sen. Abraham Ribicoff (D.-Conn.) said in introducing the consumer agency bill that it "contains a number of important safeguards to assure that the rights of persons in private enterprise will not be infringed upon."

The senator, who is chairman of the Senate Governmental Affairs Committee, added: "This bill is responsible legislation."

Predominant business view

As a result of experiences with OSHA and other new government agencies, the business community in general is urging the defeat of the Consumer Protection Act of 1977, although some corporations do support the bill.

The predominant business viewpoint was presented to the Senate Governmental Affairs Committee by J. W. Riehm, a vice president of

Thomas J. Lipton, Inc. Testifying on behalf of the Chamber of Commerce of the United States, Mr. Riehm said:

"We have steadfastly opposed the creation of an independent Agency for Consumer Advocacy which would be empowered to intervene at will in regulatory agency proceedings and, when dissatisfied with the outcome, immediately would take an appeal to the courts.

"Consumers will be more effectively served not by establishing a meddlesome new bureaucracy, but by a strongly voiced congressional commitment to effective oversight of [existing federal consumer] programs."

Year of decision

Both supporters and opponents of a consumer protection agency view 1977 as the year in which the long battle over establishment of a new consumer protection agency finally will be resolved.

Over the years, bills creating such an agency have been approved in one house of Congress or the other, but not in both. In 1975 both the Senate and House of Representatives approved the measure, but not by margins big enough to override President Ford's promised veto. The legislation was never sent to the White House.

This year, however, President Carter announced his complete support for the legislation, and consumer advocates are confident they will win their long fight to create the agency.

Sen. Ribicoff has expressed hope that Congress will pass the bill and send it to the President for his signature by July 1.

Both the Senate Governmental Affairs Committee and its House counterpart, the Government Operations Committee, completed hearings and approved the legislation just five weeks after it was introduced simultaneously with a strong declaration of endorsement from the President.

The unusually speedy action on

Words in the Consumer Bill That Worry Business

While those urging creation of an Agency for Consumer Advocacy try to minimize its potential impact on business, the language of their bill demonstrates why business remains highly concerned about a consumer protection agency.

Here are key excerpts from the legislation:

"It is the purpose of the Agency for Consumer Advocacy to represent the interests of consumers before federal agencies and courts, receive and transmit consumer complaints, develop and disseminate information of interest to consumers, and perform other functions to protect and promote the interests of consumers.

"It is the purpose of this act to promote protection of consumers with respect to the—

"(A) safety, quality, purity, potency, healthfulness, durability, performance, repairability, effectiveness, dependability, availability, and cost of any real or personal property or tangible or intangible goods, services, or credit;

"(B) preservation of consumer choice and a competitive market;

"(C) price and adequacy of supply of goods and services;

"(D) prevention of unfair or deceptive trade practices;

"(E) maintenance of truthfulness and fairness in the advertising, promotion, and sale by a producer, distributor, lender, retailer, or other supplier of such property, goods, services, and credit;

"(F) furnishing of full, accurate, and clear instructions, warnings and other information by any such supplier concerning such property, goods, services, and credit."

Administrator's Authority

The Agency for Consumer Advocacy would be headed by an administrator with authority to:

- Promulgate "rules, regulations, and procedures as may be necessary to carry out the provisions of this act and assure fairness to all persons affected by the agency's actions, and to delegate authority for the performance of any function to any officer or employee under his direction."

- Intervene in proceedings or activities of other federal agencies "that may substantially affect an interest of consumers."

- Initiate federal court civil proceedings for the "review of a federal agency action that the administrator determines may substantially affect an interest of consumers."

"Interest of consumers" means any health, safety, or economic concern of consumers . . . involving real or personal property, tangible or intangible goods, services, or credit, or the advertising or other description thereof, which is or may become the subject of any business, trade, commercial, or marketplace offer or transaction affecting commerce, or which may be related to any term or condition of such offer or transaction. Such offer or transaction need not involve the payment or promise of a consideration."

Consumer Complaints

The Agency for Consumer Advocacy would serve as a clearinghouse for consumer complaints that included allegations of "a commercial, trade, or other practice which is detrimental to an interest of consumers."

The administrator would forward complaints "to any federal, state, or local agency which has the authority to enforce any relevant law or take appropriate action." The administrator would also have to notify promptly producers, distributors, retailers, lenders, or suppliers of goods and services of all complaints of significance concerning them unless the administrator determines that to do so is likely to prejudice or impede an action, investigation, or prosecution concerning an alleged violation of law.

"The administrator shall maintain a public document room containing, for public inspection and copying . . . an up-to-date listing of all consumer complaints of significance which the agency has received . . . provided that the party complained against has had a reasonable time to comment on such complaint, and such comment, when received, is displayed together with the complaint."

the proposed legislation has made the business community's struggle against the measure particularly difficult because of the limited time in which to rally legislators and others to the business cause.

Factors favoring business

Business, however, feels it has some important factors working in its behalf in the dispute:

- Congressional support for crea-

tion of a new government agency on consumer issues has eroded drastically since the issue first arose seven years ago. The House passed a consumer protection agency bill in 1971 by the overwhelming majority of 344-44. In the most recent House vote on the issue, in 1975, the margin was only 208-199. Capitol observers viewed the shift of so many votes as evidence of congressional reaction to the rising public sentiment against

expansion of an already pervasive federal government.

That erosion of House support has continued. The bill won House committee approval last month by the razor-thin margin of 22-21, compared with a 30-10 endorsement in 1975. The bill retains relatively stronger support in the Senate, where the committee vote was 10-2, but support in the full Senate is reported to be waning under pressure of public op-

Announcing Some Dramatic Changes You Can Hardly See.

A careful look at Hyster's new line of heavyweights.

Conventional wisdom says not to change a successful product. But we've always felt you can't stay on top by staying the same.

That's why we're introducing a new generation of our big, pneumatic-tire trucks.

Here, in capacities from 15,000 to 27,500 pounds, are some improvements worth looking for.

A quiet revolution in the steering system.

These new trucks have a proven steer axle concept with significantly fewer moving parts than our previous system. There's less to maintain, less to go wrong. And steering wander has been virtually eliminated.



Look closer and you'll see changes all over.

The new air cleaner is more efficient and is now mounted in the overhead guard structure.

Why up there? Because it gets much better protection and much cleaner air up there than it would



down near ground level.

Under the floorboard, you'll find a new, upgraded version of our legendary Oil Clutch transmission.

Under the frame, a planetary drive axle is standard equipment, with a rugged hypoid axle available as an option.

Up front, the side-shift carriage has been opened up for better visibility. The forks have been beefed up for more strength. And the fork position can now be ad-



justed up to the full width of the carriage.

And now we proudly present some things we didn't change.

Service accessibility is just as easy as ever.

Raise the hood and you've got a clear view of the entire engine, to make regular maintenance checks quick and easy.

Controls are still straightforward and natural. The floorboard is still low and uncluttered.

Our previous models weren't easy to improve.

Hyster's big pneumatic-tire machines have always been perennial best-sellers.

But leadership isn't a matter of sitting on First Place. So we keep refining our trucks, and improving our own improvements.

You may not see all the changes right away, but you'll see them soon enough. As soon as you start putting these trucks to work.

Hyster Company, Industrial Truck Operations, Box 334, Danville, IL 61832.

Hyster: the way to measure a lift truck.



position to more government growth.

- Although President Carter favors creation of the proposed agency, his successful election campaign was geared largely to an anti-Washington theme. He urged "a great reduction in agencies and programs." Mr. Carter's statements calling for a reduction in the number of federal agencies might have as much of an impact on popular opinion concerning a new consumer agency as his current support for the legislation.

- Many considerations that gave rise several years ago to the movement for creation of the consumer agency no longer exist.

One argument for the agency was that the government had not shown enough concern for consumer interests. Succeeding years have seen establishment of various consumer agencies, such as the Consumer Product Safety Commission, and enactment of various laws, such as the Toxic Substances Control Act, dealing specifically with issues raised by advocates of a new consumer agency.

Another argument was that existing government regulatory commissions were often staffed by people from the industries that the commis-

sions were supposed to regulate. However, as Mr. Riehm noted in his testimony for the National Chamber, action has been under way on several fronts "to finish the process of eliminating the possibility of excessive industry influence."

Mr. Riehm pointed out that "both the House and the Senate have urged appointment of more independent and qualified administrators, along the lines proposed by President Carter [who] has already made consumer-oriented appointments to the Federal Trade Commission, the Department of Agriculture, and the National Highway Traffic Safety Administration."

New layer of bureaucracy

Throughout the long controversy over a consumer agency, the claim has been advanced that existing regulatory agencies are not properly doing their job of guarding the consumer and that the American people need a super watchdog to keep the other regulators in line.

Business leaders opposing the legislation have said, on the other hand, that any problems that keep the current agencies from doing their jobs

effectively should be dealt with directly, not through an additional layer of bureaucracy.

Most business leaders are convinced that an Agency for Consumer Advocacy would be just that—an other layer of bureaucracy making new demands on business.

Sen. Ribicoff and other Senate sponsors of the consumer agency bill have issued a statement emphasizing that "the agency will have no regulatory or other legal power to force business enterprises to change their practices in any way. Rather, it will operate purely as a spokesman for the consumer before the other agencies that do make decisions affecting the consumer."

The business community remains unconvinced. The sweeping language of the legislation offers little assurance that the impact on business will be as slight as advocates of the bill contend.

Business prefers to stand with President Carter's statement in a fireside chat he gave to the nation shortly after taking office:

"Wherever free competition would do a better job of serving the public, the government should stay out." □



"That's a Butler building?"

Yes, that is a Butler building. In fact, you probably see beautiful Butler buildings all the time and don't know it. Because Butler buildings offer total design flexibility and

can be as tasteful and dramatic as any building.

Yet, they also give you all the important time and money savings of systems construction.

To learn more, call the local independent contractor who can

build one for you. See "Butler Mfg. Co. Builder" in the White Pages. Or write Butler Mfg. Co., Dept. B-117, BMA Tower, Kansas City, Mo. 64141.



PILOT GROUP INSURANCE COVERS MOST ANY SITUATION.

Pilot Life Insurance Company, with over \$10,000,000,000 life insurance in force, is a strong company, well-

known for competent, rapid service and the completeness and versatility of its group coverages.

These are three of the many ways Pilot Group Insurance can protect you from possible extraordinary expenses.



Life and Health.

Pilot's basic coverage for employees and their families starts with life insurance protection. Add to it—hospitalization, major medical, and disability income at low group rates. For school age children, Pilot's scholastic accident protection is another valuable group program.



Dental Care.

Pilot Group Dental Coverage can be custom-designed to meet the needs of any group of 10 or more who have a group life and health program with Pilot. Costly dental care can then be handled like other medical expenses.



Debt Protection.

Banks, savings and loan associations, and credit unions, through Pilot Life group credit lines, can offer individual borrowers inexpensive life protection against their debt, tailored to their repayment schedule.

PILOT LIFE INSURANCE COMPANY
BOX 20727, GREENSBORO, N.C. 27420



**Pilot
Life**

Product Liability— The Search for Solutions

Lawsuits claiming injury from products and resulting insurance increases have been a growing headache for business. Now business is seeking remedies in the state legislatures

AT A SYMPOSIUM on product liability held last July at the Commerce Department in Washington, Prof. Jeffrey O'Connell, of the University of Illinois College of Law, said:

"You try to get legislation passed changing the common law tort system, and you would think the Magna Carta was being burned in Times Square."

Prof. O'Connell, one of the fathers of the no-fault auto liability concept, has had a lot of experience with what happens when you try to revamp the



rules governing liability. The challenges are time-consuming and complex.

Landmark legislation

Yet, on March 22, without great fanfare, Gov. Scott Matheson of Utah signed the Utah Product Liability Act after the bill had sailed through both houses of the legislature with only two dissenting votes in each body.

This act incorporates major reforms designed to protect business in Utah from unwarranted lawsuits and excessive damage verdicts. While business did not get all the reforms desired, the act is clearly landmark legislation, and the business community wants similar reform bills enacted in the other 49 states.

Action is needed soon. Product liability insurance, once a minor cost for most businesses, has become increasingly expensive.

Premiums have already risen so high that numbers of firms in some industries, such as those that manufacture capital goods, say their very survival is threatened. In some cases, insurance premiums for product liability exceed annual profits.

And yet, product liability insurance is necessary, for the same reason that premiums are skyrocketing. Judges and juries have been awarding—to a growing number of claimants—fortunes in damages in product liability cases. A few years ago medical malpractice cases were in the headlines. Now the spotlight is on product liability.

A lawsuit complex

American society "has adopted a sue complex" which "enriches a few" and passes along to business and consumers "the rest of the unaffordable costs of liability insurance," warns Robert T. Clayton, president of the Independent Insurance Agents of America, Inc.

Howard J. Bruns, president of the Sporting Goods Manufacturers Association, cites these examples of large jury awards:

- Although there was no proof an

injured football player was even wearing his helmet, a jury awarded him \$5.3 million in a lawsuit against the helmet's manufacturer.

According to Mr. Bruns's association, there were 13 manufacturers of football helmets a few years ago. Now there are six, and they face a total of \$76 million in product lawsuits.

- A 16-year-old boy was injured while diving headlong into the catcher in a baseball game. The boy was paralyzed. He was awarded \$1.8 million in a lawsuit against his school board. The board, according to the verdict, neglected to forewarn that such activity in a ball game could bring about injury.

Eventually, of course, the consumer pays the bill. But that fact often escapes citizens serving on juries.

Although such large awards make



Utah Gov. Scott Matheson signed a landmark product liability bill into law in March. Similar measures are pending in 15 state legislatures.

news, the real indicators of the growth of the problem are the increasing number of claims and court cases and the size of average damage judgments or settlements.

50 percent more claims

The Risk and Insurance Management Society, Inc., for example, surveyed its members last year and found a 50 percent increase in the number of claims against them from 1971 to 1975. Most large corporations are members of the society, as are many medium-size and small firms.

According to the Insurance Information Institute, insurance companies have lost almost \$9 billion on product liability claims in three years: \$2.6 billion in 1974, \$4 billion in 1975, and \$2.3 billion in 1976.

Firms which insure themselves against product liability—many large firms are self-insured—have also had sizable losses.

Soaring premiums

The Insurance Services Office, a firm that provides rate-making service to the insurance industry, compared the industry's 1973 experience with that of 1969 and found a 26 percent increase in the number of product liability claims and a 202 percent increase in loss per claim. Premiums increased 154 percent.

According to a federal interagency task force which investigated the product liability problem and found it grave, premium increases have averaged 150 to 200 percent for a good number of manufacturers in the past two years. For some, the increases have been much higher.

The experience of the Planet Corp., of Lansing, Mich., is a good example of how a firm's product liability insurance expense can jump—suddenly.

Treasurer Vincent Shunsky says the premium was \$30,000 for noneductible coverage last year. In 1977 the lowest quote was \$240,000—with a \$50,000 deductible.

And yet Planet, which designs and manufactures conveyor systems for



Solutions to the product liability problem are being vigorously debated around the nation. Panelists at a seminar on the subject at the annual meeting of the Chamber of Commerce of the United States in May were insurance broker Arthur J. Glatfelter (left); William C. McCamant, executive vice president, National Association of Wholesaler-Distributors; and William L. Martin, legal affairs vice president, American Insurance Association. Gene Dyson, president, Georgia Business & Industry Association, moderated.

the automobile industry, has not had a product liability claim filed against it in the past 30 years.

Most serious problem

James H. Mack, public affairs director of the National Machine Tool Builders' Association, says that, on the average, product liability insurance premiums for companies in the machine tool industry have increased nearly 700 percent since 1970.

Harold B. Halter, executive vice president of the Farm Equipment Manufacturers Association, reports his group's members have averaged increases of 300 percent in the past two years.

P. D. Hermann, executive director of the Associated Equipment Distributors, conducted a survey of his association's members and found increases ranging from 100 to 600 percent.

A survey by the Chamber of Commerce of the United States revealed that the problem is cutting across all areas of business nationwide, from the small firms to the giants.

"If there isn't some remedial action, the rates are going to climb and climb," warns Ralph L. Harding, Jr., president of The Society of the Plastics Industry, Inc.

Ralph B. Baldwin, president of Oliver Machinery Co., of Grand Rapids, Mich., reports product liability premiums for his firm, which manufactures woodworking machines, rose from \$4,600 in 1971 to more than \$460,000 this year.

Consequences for the U. S.

Mr. Baldwin, however, is concerned about more than premiums. Unless a solution to the product liability problem is found, he warns, these will be the consequences:

- Many companies will discontinue manufacturing those items that account for most product liability suits.
- Foreign goods will enter the U. S. market as replacements.
- Much of American industry will be forced to rely on aging machines and thereafter on imported machines.
- Many workers will lose their jobs.

The federal interagency task force reports some firms are already reluctant to develop and introduce new products because of the product liability problem. If this reluctance continues and spreads, the result could be a catastrophe for the economy.

In time, American products would become less attractive and efficient

than those of other countries, and exports would suffer.

However, product liability is becoming an issue in other nations, too. New product liability guidelines are being considered by the Common Market. If adopted, they could produce the same type of problems for Western European businesses that U. S. businesses face.

How the problem developed

Two trends have been major contributors to the product liability problem.

1. There has been a significant shift in product liability law; it now favors the plaintiff over the defendant.
2. In recent years the consumerism movement has encouraged the public to sue and judges and juries to make large damage awards.

The branch of common law that pertains to product liability litigation reaches back to the days of cottage industries. Commerce then tended to be relatively simple—the producer of a handsaw, for example, sold his product directly to the user, say a carpenter. A direct relationship was required for any legal action—the so-called doctrine of privity of contract. If the carpenter sold the handsaw to a third party, the new owner was without legal recourse against the manufacturer.

That interpretation held until 1916, when a New York State court handed down a precedent-breaking decision. The Buick Motor Co. was the defendant in a lawsuit brought by a Mr. MacPherson, who had bought his vehicle from a dealer. Mr. MacPherson had an accident and blamed the product. The court ruled that the absence of a direct buyer-seller relationship between the manufacturer and the consumer could not be used as a defense when a defect made a product dangerous. Mr. MacPherson was the winner.

Strict liability

The courts have significantly changed product liability law in the past 60 years through a series of landmark decisions. As a result, the old doctrine of privity of contract has given way to the doctrine of strict liability. This doctrine, says the Association of Trial Lawyers of America, is recognized in 42 states.

Stated simply, strict liability means the manufacturer shall be held liable for damages if a defective

Xerox Learning Systems invites you to see companies naked. Price: \$19⁹⁵

Xerox Learning Systems has created an exciting new approach to learning for people who need to quickly and surely evaluate financial reading matter.

Called "Reading and Evaluating Financial Reports" this remarkable learning system has only recently been offered to individuals. It can help you learn the ins and outs of high finance in a way you'll never forget.

The material is easy and fun to take. Xerox Learning Systems believes that learning is a pleasurable experience. Our idea is to offer you the chance to enjoy yourself as you obtain information you really need.

"Reading and Evaluating Financial Reports" is designed so that when you do read a financial report you will, in effect, see the company naked. You'll know what there is to know (including vital information you might otherwise have overlooked).

Every investor, stockbroker, indeed any conscientious executive who must evaluate companies and their financial statements will benefit from this new method that enables you to cut through the special vocabulary of high finance.

You take "Reading and Evaluating Financial Reports" on your own—at home or in the office. The materials are mailed to you complete. You teach yourself; you test yourself. So you will probably find that you are getting far more out of each minute

of study than you ever have before. You go at your own speed—and in just a few hours you will have acquired a new expertise in reading and evaluating financial reports.

It should be obvious that such knowledge could very well save or earn you or your company considerable sums.

This exciting breakthrough in learning has been proved out. Investors, brokers and money managers report it fills a real need. Further, Xerox Learning Systems guarantees your complete satisfaction or your money back.

You may order "Reading and Evaluating Financial Reports" for just \$19.95 complete if you act at once. Supplies are limited, so order now. In many cases this learning system may be tax deductible. Please note that you can charge your purchase to your credit card account number if you wish.

Maybe your next investment should be in yourself.

Xerox Learning Systems
P.O. Box 773
Great Neck, N.Y. 11025

A60019

Please rush me _____ set(s) of your learning system:
"Reading and Evaluating Financial Reports" at \$19.95 per set,
for a total of \$ _____. (Please add sales tax if applicable.)

☐ My check or money order is enclosed.
☐ Master Charge ☐ Bank Americard ☐ American Express

Account # _____ Exp. Date _____

Name _____

Address _____

City _____ State _____ Zip _____

Signature _____

XEROX

product is placed in the stream of commerce and causes injury. Proof of negligence is not generally required; all that must be shown is that the injury came while the person was using the product in an anticipated manner.

One of the more obvious aspects of the consumer movement has been a heightened willingness—even eagerness—to sue. Donald W. Segraves, vice president of the American Mutual Insurance Alliance, an organization of mutual insurance companies, says that public attitudes have shifted toward what some observers have labeled a psychology of entitlement.

"There is a feeling that if someone is injured, it must be somebody else's fault, or at least somebody else ought to pay," he says.

Suggested solutions

As a result of the study of the product liability problem by the federal interagency task force, plus growing statistical data from trade associations, the gravity of the situation has become better defined.

In a preliminary report released last January, the interagency task force suggested both short-term and long-range remedies.

The short-term remedies are directed toward making product liability insurance coverage immediately available to firms that cannot afford the premiums quoted or simply cannot find an insurer. The task force suggested creation of a voluntary national product liability insurance

pool, authorization for federally chartered captive insurance companies, or establishment of a federal reinsurance system. The latter would be patterned on those created for floods and last winter's swine flu program.

Washington activity

Long-range remedies suggested include establishment of a national no-fault insurance system and study of the possibility of using workmen's compensation as the sole remedy for work-related injuries.

Sen. James B. Pearson (R.-Kans.) has introduced a bill that would create a National Product Liability Insurance Administration to operate a federal reinsurance system. Sens. John C. Culver (D.-Iowa) and Gaylord Nelson (D.-Wis.) have sponsored a bill that would authorize the Small Business Administration to provide reinsurance assistance to small firms, and Rep. John J. LaFalce (D.-N. Y.) has introduced a similar bill in the House.

Rep. Ronald A. Sarasin (R.-Conn.) has introduced a bill that would make product liability law uniform throughout the states.

Emphasis on the states

Although efforts in Washington will arouse keen interest in business circles, there will be more emphasis on solving the problem at the state level by curtailing the number of claims going to court and the size of awards.

The task force suggested consider-

State Mutual Offices

Alabama Birmingham Charles E. Nowlin 251-6262. Group Office 251-4444 Mobile George J. Dockins 344-3590
Arizona Phoenix John R. Black 277-1487, William B. Gould (group) 277-1487
California Beverly Hills Barry Kaye, CLU 278-8361 Los Angeles Lawrence V. Kent 380-3400, Michael J. Cosley (group) 487-5300 Orange Avery G. Shelden 541-4465 Sacramento Harold D. Houx 441-2222 San Diego James B. Hebert, CLU 299-9857 San Francisco Richard P. Granzella, CLU 434-0506, Theodore F. Bohren (group) 398-4940
Colorado Denver Bernard S. Rosen, CLU 388-5911, Reed Donnelly, CLU (group) 388-5911
Connecticut Hartford Louis F. Champagne 563-2391
D.C. Washington Walter F. Sacko, CLU 659-1700, Jacob J. Weiss, CLU (group) 223-9505
Florida Coral Gables W. Robert DeProspero 444-7475 Jacksonville Michael F. Smith 396-2051 Tampa Bay Albert L. Valery, Jr. 441-4535, John E. Phipps, Jr. (group) 441-3738
Georgia Atlanta James F. McMullan, CLU 522-5500, Philip E. Soule (group) 523-5091
Illinois Chicago Joseph W. Epkins, CLU 443-7400, John R. Kaib 332-1404, Paul E. Graesser (group) 726-4146, Des Plaines Reginald N. Rabjohns, CLU 298-8400
Indiana Indianapolis Doyle D. Champion, CLU 849-7535
Iowa Davenport Richard H. Leibovitz 326-6447
Kentucky Louisville Theodore M. Young 583-1701
Louisiana New Orleans Roland J. Hymel, Jr., CLU 581-2900
Maine Portland Roderick A. McGarry II, CLU 781-3800
Maryland Baltimore Francis E. Noecker 296-8900
Massachusetts Boston Robert G. Baker, CLU 923-2313, Karl A. Schuh, CLU 731-4950, Gerald H. Bushey (group) 227-8171, Springfield 737-4361 Worcester Donald W. Ayres 754-3215
Michigan Detroit Harold Josephson, CLU 357-3550, Norman G. Kremer (group) 357-3223
Minnesota Minneapolis Gary C. Zuhlsdorf, CLU 927-4427
Missouri Kansas City J. Malcolm Roberts 531-3696 St. Louis David M. Gilley 962-9160, Donald E. Brinkman, CLU (group) 962-4021
Nebraska Omaha William Reed 393-4444
New Hampshire Manchester John W. Hartman 627-7828
New Jersey Newark Frank H. Bridge 676-4100
New York Buffalo Richard C. Moldenhauer 856-4346, Henry E. Kempton, CLU (group) 856-7551, Lynbrook/Nassau Stanley H. Closter (516) 887-3300
New York Conrad Frank, CLU 687-4744, Sanford L. Goldberg, CLU 563-9200, William K. Kirkendall, Jr. 791-8500, Albert W. Buckbee II (group) 943-1120 Rochester Donovan M. Neal 442-8400 Suffolk William T. Weidner 231-4000 White Plains Glenn L. Noiland 949-0034
North Carolina Charlotte Jeffrey S. Lyons 525-8760 Greensboro David M. Lomax (group) 292-8535
Ohio Cincinnati Wayne A. Signer, CLU 751-6018, Wayne A. Garee (group) 751-3665, Cleveland H. Peter Hansen, CLU 464-4161, Don M. Byrnes, CLU (group) 464-2924 Columbus Norman C. Brock, Jr. 459-1232 Dayton Harold W. Dierks 461-4810
Oklahoma Oklahoma City Frank J. McCarthy 528-3435
Oregon Portland Charles O. Price 222-3881
Pennsylvania Philadelphia Malcolm B. Rice 732-7100, Grafton C. Keyes (group) 985-1770 Pittsburgh Edward F. Haldeman, CLU 261-4220, (group) 281-4220
Puerto Rico Hato Rey Gonzalez and Rios 763-1905, Guillermo L. Laverne (group) 763-1905
Rhode Island Providence Jack K. Beaulieu 438-7350
Tennessee Knoxville W. Guy Allison, CLU 546-6151 Memphis Michael J. Finnell 278-6464 Nashville E. Burton Tally, Jr. CLU 383-1300
Texas Dallas Alexander Odisbelidze, CLU 521-8000 El Paso Charles N. Knipp 584-4420 Houston Bob R. Kristensen 659-5600, Briley L. Shoemaker (group) 659-4441 San Antonio Harold J. Lotz, CLU 732-9741
Virginia Richmond Patrick R. Borders, CLU 648-1619
Washington Seattle Gary L. Imel 682-0650
Wisconsin Milwaukee Richard A. Tefo, CLU 461-9290

A Company's Best Protection

What can businesses do until reforms come in product liability law?

John J. Matternas, president of Insurance Management of Washington, Inc., which concentrates on helping clients develop loss prevention techniques, says:

"For the immediate future, a company's best protection against product liability will be the strict attention it pays to quality and safety of its products and the adequacy of disclosure in its marketing and advertising programs. Quality standards will need to be established, in writing, for all aspects of production, from raw ma-

terials through manufacture, assembly, packaging, and shipping."

A product safety program is "absolutely necessary if the agent is to convince the underwriter to sell you insurance," says Insurance Management Vice President Anthony Pariso. "Today you have to sell the underwriter, which is a complete reverse of the situation a few years ago."

Mr. Pariso adds that underwriters are favorably influenced if the company seeking insurance has a product design review program, products are adequately packaged, and labeling is easily understandable.

Now businesses with 3 to 9 employees can buy group insurance with a Non-Smoker Discount.

Since we were the first major company to offer lower rates for non-cigarette smokers on individual life insurance, it figures we'd be the first with a group non-smoker discount.

We're offering it on our MEGA program. MEGA is an approach that gives your business big-business benefits. A quality package of medical care, disability income and life insurance coverages. At a reasonable cost.

Our business insurance specialists have a wide range of services to fit almost any

situation. Key man insurance. Pension and profit-sharing plans. Plans to fund "buy and sell" agreements. Income replacement plans. HR-10 Self-Employed retirement and Individual Retirement (I.R.A.) plans. You name it.

We'd like to be of service to you. The sooner we get started, the more you can accomplish.

State Mutual of America

Good financial planning ideas

AN AFFILIATE OF
THE AMERICA GROUP



Send today for your free copy of
FINANCIAL PLANNING IN A COMPLEX WORLD.
Write: State Mutual of America
440 Lincoln Street, Worcester, MA 01605



NO. 524
MESH



NO. 525
FOAM LINED
NYLON

NO. 527 BLUE DENIM
(Not Pictured)

Adjustable Caps

WITH EMBLEMS
USE FOR:

Safety awards, incentive for production goals, product promotion, advertisement, conventions, company picnics, trade shows, attendance awards.

Choose the cap that fits your need. Send us a copy of your emblem or a rough pencil sketch and we'll do the rest. Your emblem expertly made and sewn on the best caps available.

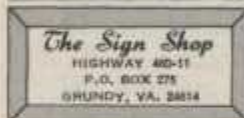
Please furnish the following information:

• Style No. _____ How Many _____

• Color _____ Royal Blue, Navy Blue, Red, Black, Orange, White, Gold, Kelly Green.
(Minimum Order — 72)

Price includes one 2-color emblem sewn on front of cap.

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| 72 | 144 | 288 | 432 | 664 | 1728 |
| \$3.45 | \$2.98 | \$2.85 | \$2.75 | \$2.65 | \$2.55 |
| ea. | ea. | ea. | ea. | ea. | ea. |



Placing An Order?
Need Information?

CALL COLLECT
703/935-4545

Ask For Lew Shortridge

Low price time clock helps small companies meet strict requirements of wage-hour law

For fast information at no obligation, phone TOLL FREE 1-800/241-4990, (in Georgia phone collect 404/691-0400), or mail coupon.



LATHAM TIME RECORDER COMPANY
174 Selig Dr., S.W., Atlanta, Ga. 30336

Please send me data sheets, prices, and time card samples.

Name _____

Company _____

Address _____

Latham

TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

ation be given to development of uniform product liability legislation at the federal level. Traditionally, however, such tort law has been a state matter, as has been regulation of the insurance industry.

Business groups strongly advocate retaining this status quo and have been supporting legislative action on the product liability problem in the states.

Trade associations have developed a number of tort reform proposals for use by state legislators. A bill drafted by the Kansas Association of Industry and Commerce and introduced into the Kansas legislature last year has been widely distributed by the Chamber of Commerce of the United States for use as a model.

Bills are now awaiting action in the legislatures of Connecticut, Georgia, Indiana, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, North Dakota, Oregon, and Washington.

Achievable reforms

Business observers say four reforms in the bills are probably the most achievable. All are incorporated in the new Utah law.

They are:

- Establish a statute of limitations based on the time that a product was placed into the stream of commerce, i.e., when it left the manufacturer's control. A large number of product liability suits involve old equipment, some built as far back as 40 years ago. Business generally favors a six-year statute of limitations.

- Shield the manufacturer from liability if the injury was caused by misuse or alteration of a product, such as removal of safety guards. Currently most courts interpret the law as holding the manufacturer liable regardless of how many times the equipment has changed hands and has been modified.

- Require that products be judged according to standards in effect at the time of manufacture rather than according to standards that are adopted or legislated later and are more stringent. Along with this would be recognition of industry-wide manufacturing standards. In cases where such standards have been established, compliance with the standards would give the manufacturer a defense in a product action.

- Protect the manufacturer and

seller against a growing trend to require them to warn consumers against any conceivable improper use of a product.

Limiting legal fees

Business believes further reforms should include limiting the contingency fees collected by plaintiff lawyers; eliminating punitive damages and the ad damnum clause, the legal device used to ask a jury for a specific dollar amount in damages (the Utah law eliminated the ad damnum clause in that state); limiting liability for noneconomic loss in personal injury cases; requiring separate trials for liability and damages; and requiring payments in the form of an annuity.

Also, business believes binding arbitration should be mandated in some cases to ease the pressure on court dockets and cut down on spiraling legal costs.

A frequent challenge to those seeking changes in tort law as a means of reducing the cost of protection is: Prove the changes will help.

The American Mutual Insurance Alliance has been developing answers. It has analyzed the experience of eight of its largest insurance-company members in 1975 involving claims exceeding \$100,000.

How payments would be cut

Adoption of only three of the recommended tort reforms would have cut the awards by 65 percent.

- Had a six-year statute of limitations been in effect, claims arising from about 19 percent of the bodily injury accidents, involving 12.6 percent of the payments to claimants, would have been eliminated. The six years would have run from the date the product was first sold or delivered.

- Manufacturers are increasingly being held liable for injuries that result from the purchaser's or user's hazardous alteration or misuse of the product, such as a machine tool. The Mutual Insurance Alliance found that 34 percent of the incidents resulted from misuse or alteration. Had the manufacturer been shielded from liability, the total payments to claimants would have been reduced by 35 percent.

- If courts and juries had been prohibited from applying current state-of-the-art judgments on products made years ago, 18 percent of the claims would have been eliminated.

ed, reducing total payments to claimants by 17 percent.

Although a reduction in awards should have an impact on insurance rates, insurers must consider many factors in setting rates and assessing risks.

No quick effect on premiums

Prof. Victor E. Schwartz, of the University of Cincinnati, who was staff director of the federal inter-agency task force, warns that tort reforms will not necessarily bring lower rates and certainly will not do so quickly.

Robert Clements, a senior vice president of Marsh & McLennan, Inc., a major insurance brokerage firm, says:

"Although product liability rates may well now include a certain fat content, it is true that for many years, up to perhaps the end of 1974, they were too low. Thus, starting from a base which inadequately reflected the seriousness of the claim situation, their spectacular rise is not merely a reflection of the surge in claims, but a magnification of it."

As evidence of the growing concern in the business community over the product liability problem, the Chamber of Commerce of the United States recently established a special panel to study the problem further and assist state and local chambers of commerce in dealing with it.

Starting with the states

Thomas F. Baker, executive vice president and general manager of the National Soft Drink Association, is chairman of the panel. "State action," he says, "is the place to start to get statutory product liability reform that will give employers reasonable defenses and cut the edge off the crisis."

However, he adds, "there may be one exception—some form of voluntary or standby federal reinsurance program" for use in case the insurance industry's capacity to provide affordable product liability insurance "weakens."

All in all, business groups are taking a cautious approach to trying to solve the product liability problem. They wish to avoid hasty passage of ill-advised legislation, especially at the federal level.

There is widespread agreement, however, that something must be done. And Utah has shown the way. □



Why is Best Western the world's largest lodging chain?

Best Western has over 1750 attractive, well-furnished and dependably clean motels, hotels and resorts conveniently located in more than 1200 cities.

Each one looks refreshingly different, yet all offer the same personal and efficient service. Every Best Western is regularly inspected to assure that it meets Best Western's high standards of cleanliness, quality, comfort and value.

Wherever you travel, stay with Best Western. And stop at any Best Western for a free copy of our 1977 Road Atlas & Travel Guide.

Every Best Western accepts...



DINERS CLUB

(800) 528-1234

Call toll-free for reservations or see your travel agent.

In Arizona (800) 352-1222
Phoenix 257-0885



United States, Canada, Mexico, Caribbean, Guatemala, Australia, New Zealand.



PHOTO: TRIC HANTRAC—BUREAU

LESSONS OF LEADERSHIP

Choosing Strategies for Business Success

Manufacturers Hanover Trust Co. five years ago set a goal of a 12 percent compound annual growth in earnings. It is achieving that goal. In this interview, Chairman Gabriel Hauge tells how

FEW AMERICANS have succeeded in as many different lines of endeavor as Gabriel Hauge. He has done well in academia, journalism, state government, federal government, politics, and business.

Mr. Hauge, 63, is now chairman of Manufacturers Hanover Trust Co., of New York, one of the world's largest and most successful banks.

The bank has no chief executive officer. Mr. Hauge and John F. McGillicuddy, president, together run the worldwide operations of "Manny Hanny," as the bank is often called in the financial canyons of Wall Street.

Many bankers find it unusual that Manufacturers Hanover can be run by two executives dividing leadership duties and responsibilities, but the bank's top management operates with marked efficiency.

Mr. Hauge began life in little Hawley, Minn. He earned a bachelor's degree from Concordia College in Moorhead, Minn., and a master's degree and a Ph.D. in economics from Harvard. Later he taught at Princeton and Harvard.

During World War II, Lt. Hauge served as a deck officer on battleships in the Pacific. Part of his heritage from that Navy duty are his orderly work habits. He operates from a busy but neat desk. His working hours are also orderly—8:30 arrival each day, 5:30 departure.

After the war he held posts with the New York State government and became an editor on "Business Week" magazine. He also served as assistant to the chairman of the executive committee of McGraw-Hill, Inc., the publishing company. He was a research director for Dwight D. Eisenhower's presidential campaign in the early 1950's.

In 1953 he became administrative assistant to President Eisenhower for economic affairs and later was special assistant to the President for economic affairs.

Mr. Hauge joined Manufacturers Trust Co. in 1958 and became vice chairman of Manufacturers Hanover when that bank was formed by merger. He served as president from 1963

to 1971, when he became chairman.

He and his wife, the former Helen Lansdowne Resor, live on Park Avenue, a good stroll north from the bank's main office. Most of their seven children are grown.

Here, in an interview with *NATION'S BUSINESS*, Mr. Hauge discusses his bank's operating methods, what the future holds for banking, and a series of problems that concern all business people.

Manufacturers Hanover has an unusual command structure. How do you, the chairman, and Mr. McGillicuddy, the president, divide duties, since neither of you is chief executive officer?

When the present administration of the bank took charge in February, 1971, the retiring chairman referred to me in the press announcement as "leader of the team." I have always liked that designation. While John McGillicuddy supervises credit and liability matters, I oversee the investment side, that is, our portfolio and trust departments. We divide up other areas for oversight, but all major decisions we make jointly. We have as intimate an administrative partnership as any I know. It works well.

Do you emphasize centralized planning at the bank?

On our first day we had an all-officers meeting at which I announced the creation of a task force to review our planning processes and to make recommendations. That was the beginning of our present centralized planning, which, I must say, has been highly beneficial for the corporation.

Our planning seeks to infuse line and staff with the entrepreneurial spirit. One-year and five-year strategic plans of all major components are reviewed at the general officer level, as is progress on a quarterly basis. Our style tends to be informal, but we have identified benchmarks toward which we aspire. A 12 percent compound annual growth in earnings is one goal that we set five years ago, and we are on target.

"On our first day we had an all-officers meeting at which I announced the creation of a task force to review our planning processes. Our present centralized planning has been highly beneficial for the corporation. Our planning seeks to infuse line and staff with the entrepreneurial spirit."

What criteria do you use in selecting personnel for major promotions?

A friend in another company responded to this kind of inquiry one time by saying, "Taste, style, and judgment. Everything else you can buy by the yard." Well, that is not 100 percent true—actually, you cannot buy a combination in one person of energy, intelligence, honesty, loyalty, and education by the yard—but the flavor of what he said appeals to me.

In addition, we select top people who have an interest in a variety of things—in their jobs; the kind of city, state, and world in which we live; and in many things indirectly related to our corporation. We want people who are morally sound, talented, and psychologically capable of making high-risk decisions.

How have you and your senior managers achieved such excellent improvements in earnings?

We have had a good increase in operating earnings, from \$81 million

in 1971 to better than \$143 million last year, a compound growth rate of 12 percent over the period. Assets rose from \$13-plus billion to \$31-plus billion.

How did we do it? We formulated some strategies to direct the efforts of our line and staff people: maintaining our historic emphasis on lending, improving the stability of our earnings over the interest rate cycle, striving for a better rate of return on earning assets, increasing market penetration, pushing selective expansion overseas, acquiring several smaller companies providing financially related services, and tightening expense controls. We have made progress in all these directions.

Do you foresee the end of the ban on interstate banking?

It is eroding, especially with respect to bank holding companies operating in such fields as mortgage lending, personal finance, and leasing.

The taking of retail deposits is still the heart of the prohibition against a bank operating in more than one state.

The end of one-state banking might come with exchanges of full-range branches between particular states. There has been an effort by New York and California to have such exchanges—a bank in New York could have a branch in California in return for a California bank's having a branch in New York.

What changes do you foresee in banking services in the next few years?

Take a look first at the retail side. The cost of providing banking services to consumers has been soaring in terms of people, equipment, and facilities. We have to do it less expensively, and we are on the way with cash machines, electronic funds transfer, terminals in supermarkets, credit cards, and devices of that sort.

The job is to put developing technologies to work to give the consumer more convenience and to help the banker save time, money, and space. This must be done in the face of in-

creasing competition from other financial intermediaries. We expect to see a very slow growth or an actual reduction in the number of full-service branches. Newer offices will be physically smaller and less spacious than some branch banks of the past.

On the corporate side, the internationalization of business is compelling the banking industry to make many adjustments. Examples of services which will become increasingly important include corporate cash management, various computer-based electronic information services, and continued innovation in the term loan market. At the same time, banks must see that the financial needs of a small businessman in America are accommodated.

American banks can also be expected to establish more facilities overseas serving both corporations

Incidentally, the Bucharest branch has been profitable every year but the first. We now look forward to the day when we can deal in Romanian currency.

How did you get permission to open a capitalistic bank in a communist country?

I was having dinner in Bucharest in 1973 with Vasile Voloseniuc, head of the Romanian Bank for Foreign Trade. Suddenly, about midnight, he leaned across the table in the dining room at the top of the International Hotel and asked, "Why don't you open a branch here?"

Well, I must say, I was unprepared for the question. We had not raised the issue in our talks with the government because we did not think the subject was within the realm of discussion. I promptly answered that we were interested and would explore the possibility right down to the ground.

The government people had already made up their minds to have a Western bank there, and they had made up their minds to invite us. We moved fast to open negotiations—which were painstaking—and there we are.

Would you refer to your branch in communist Romania as being in the red?

Only in the sense of a double entendre. We don't intend to run our branch in the red, even among the Reds.

Mr. Hauge, how serious is the capital shortage in this country?

Among the leading industrial nations, we stand high in consumption, low in savings and investment. Public policy has been directed that way.

The surest way to bring unemployment down is to spur investment, in order to break bottlenecks that will begin to plague us in the next year; reduce per unit cost of production; and boost research and development.

In the tax area this doesn't mean fiddling with such things as the investment tax credit, but rather getting at basic investment deterrents such as the level of corporate income tax rates, double taxation of dividends, tax accounting for depreciation, and capital gains taxation.

As a former economic adviser in Washington, what is your opinion of unbalanced budgets and national debt?

The federal budget has been in deficit during 15 of the past 16 years. There is no sign that this will change, though President Carter has promised it by 1980.

Uncle Sam still has access to the money printing machines, and he has shown little discipline as to when to turn them off.

I hope the day never comes when our money markets refuse to buy Uncle Sam's paper, as the markets did in 1975 with New York City's securities. If that happens, perhaps Congress will endow the Treasury Department with authority to force banks to take allocations of Uncle Sam's paper. What a day!

Jerry Ford did a lot of vetoing to hold down deficits, and he was attacked for conducting government by veto. I regarded this criticism as a paean of praise. He wanted us to have only what we would pay for. What was wrong with that?

Congress believes, and probably correctly so, that the people still want spending but will not permit their taxes to be raised. The vaunted goal of pluralism in our democratic society retards the development of power centers that would match spending to revenue. As a result, deficit has followed deficit. There appears to be no capacity in our government to bite the bullet and stop this constant overspending.

This is one of the very few things about our country that makes me melancholy.

Will we always have inflation?

Nothing makes me believe we must of necessity have more than minimal inflation—a rate of one and a half to three percent. We are a productive people. We have a large, well-trained, and diversified labor force. We still have access to raw materials. We have a flexible economy and a generally sympathetic government view of the private sector. We have management talent.

Part of our inflation comes from the experiences we have had in recent years with wage and price controls, with Vietnam, agricultural shortfalls, and the upping of oil prices. Inflation under those circumstances was inevitable.

However, I am not pessimistic. I continue to hang onto hopes for a lower rate of inflation.

Do you agree with the Carter administration that zero-base budgeting is a good idea?



In making selections for high posts at his bank, Mr. Hauge says, "We want people who are morally sound, talented, and psychologically capable of making high-risk decisions."

and consumers. It looks like good business.

You have had a branch in Bucharest since 1973. What sort of business is done in a communist country?

Ours is the only branch of a Western bank in the Comecon countries. Other banks have representative offices in the communist world, such as those in Moscow.

Our Bucharest installation is a full branch with one limitation—it does not deal in Romanian lei. However, we make loans in other currencies, handle collections, and perform a variety of services. We handle business between Comecon countries.

I'm all for zero-base budgeting. In essence, this is a technique which starts with the question of whether you spend at all for a specific purpose next year rather than whether you spend the same, more, or less than last year. President Carter's budget officer, Bert Lance, is a former banker, and I assume he is tough with the figures.

You have spoken about a need for more investment in research and development. How serious a problem is this?

Quite serious. The upward curve of R&D spending, both in the private and public sectors, has been leveling off.

It seems to me that R&D is one sure avenue to more jobs and to more efficient ways of doing business. The most dynamic countries are those with the largest R&D programs, both in basic and applied research and in development.

Lively people look for new things and for better ways of doing old things. Since World War II, America has had a dynamic society. So have West Germany and Japan. All three of these countries have been strong in R&D.

When successful, R&D has a good multiplier effect.

How do you view foreign investments coming into America?

We have an open economic system with respect to foreign investments, and that is a good thing. This 201-year-old country of ours is still looking mighty good compared to anything else around. It looks good for another 201 years.

Are big cities viable?

If I don't answer right away, it is because I don't know how to say yes and no at the same time.

Some big cities are having rebirths. Look at Boston. As for New York, the city will exist; it will not go into bankruptcy. It is viable. So are many of the other older cities that are now experiencing trouble.

New York, to its credit, has done many things needed to pull itself out of trouble. There isn't a sacred cow that has not been up at the block.

You are described as a banker with a sense of humor, a man who knows how to communicate.

That's nice to hear. I realize that, to get people to read or listen to the



"The federal budget has been in deficit during 15 of the past 16 years. There is no sign that this will change, though President Carter has promised it by 1980. Uncle Sam still has access to the money printing machines."

serious stuff, you have to bring it along with something readable and listenable.

Do you pine for a quieter, slower pace?

Sometimes I do, in the sense of nostalgically recalling my onetime freedom from an unending series of events that deny both the mood and the opportunity for sequential thinking. My time in academia was pleasant, I liked it.

I must say that I am rather poor at vacationing. I'm not proud of this; it is just a fact. I use semivacations, weekends, and holidays to recharge my battery and get some writing done. I will hole up at a place like the Greenbrier or the Homestead hotels, write in the mornings, and swim and walk in the afternoons.

When there is opportunity, I like to observe and study church and cathedral architecture, here and abroad. I love cathedrals and learning about them as well as other historic or striking structures.

You impress others as being a happy man.

I suppose my temperament rises and falls. I have not stopped to appraise myself on this score. My colleagues have seen me in all kinds of

moods. I frequently say that I aspire to represent what would be regarded as cheerful competence.

You take a keen interest in younger employees, don't you?

I do. I meet at lunch a couple of times a month with young management trainees and other employees just above that level. They give me an input which is worthwhile, and I try to reciprocate. There are no holds barred in these sessions. No notes are made, and everyone speaks out.

We hope we have selected good people for our great enterprise. We hope these young people find their thing here. If, after a fair trial, some of these young people do not, I tell them they should move along to find it elsewhere, for their benefit and for the bank's.

No one should wander for years in the paths of ambiguity and mediocrity.

The leadership of the bank has sought to establish for young employees the opportunity to achieve style, taste, and judgment. I may be the poorest judge in the world, but I think we are succeeding.

If we are not, then I ought to move along myself. □

REPRINTS available. See page 71.

PURCHASED BY
OVER 50,000 EXECUTIVES!



EXECUTIVE SEMINARS IN SOUND is a unique learning adventure which will enable you to explore, in real life dramatizations, these essential guides to business and management success:

- 1. HOW TO GET YOUR IDEAS ACROSS** . . . explores the art of communication—talking, writing, listening. How skillful are you as a communicator, compared to the businessmen you'll hear in this cassette?
- 2. MAKE THE MOST OF YOUR TIME** . . . will help you capture wasted hours, turn them into productive effort so you can truly **CONTROL** your time.
- 3. YOUR ROLE AS DECISION-MAKER** . . . reveals techniques that master managers use to evaluate facts and minimize risks in decision making.
- 4. GUIDE TO BETTER PEOPLE MANAGEMENT** . . . dramatizes a wide variety of "people problems" and how they are solved . . . everything from spotting leaders to settling inter-office conflicts.
- 5. MASTERING THE ART OF DELEGATING** . . . demonstrates how to hand over responsibility to others so you can free yourself for the real job of managing.
- 6. ORGANIZING YOUR PLANS AND PLANNING YOUR ORGANIZATION** . . . learn the newest techniques for coping with constant changes in your business resulting from growth, competition, economics and government.
- 7. THE STRATEGIES OF MOVING AHEAD** . . . understand your situation today and know how to set realistic goals for the future through these re-creations of revealing case histories.
- 8. HOW TO LIVE WITH YOUR OWN SUCCESS** . . . the personal psychology of how to overcome fears, blind spots and 57 varieties of hang-ups that can rob you of the joy of achievement.

A PROVEN METHOD TO 'LISTEN' YOUR WAY TO NEW EXECUTIVE POWER

A Complete 8-Part Course in Executive Self Development

On cassettes in handsome binder with study guide
**FOR MANAGERS AT ALL LEVELS
OF BUSINESS ENTERPRISE**

THROUGH THESE DRAMATIC SOUND PRESENTATIONS YOU USE YOUR IMAGINATION AND MEMORY TO "SOAK UP" HUNDREDS OF GUIDELINES TO BUSINESS SUCCESS . . . TO MASTER YOUR ROLE AS MANAGER . . . TO INSPIRE NEW CONFIDENCE IN OTHERS . . . TO MOTIVATE THOSE WHO WORK FOR YOU . . . AND TO ENJOY YOUR OWN SUCCESS.

AND THESE DRAMATIC SOUND PRESENTATIONS CAN BE ABSORBED AT YOUR OWN PACE IN YOUR SPARE TIME!

REALISTIC DRAMATIZATIONS PUT YOU IN THE PICTURE . . .

Remember the days of radio drama . . . where the vivid use of actors and sound effects enlisted the powerful aid of your imagination? You could close your eyes and "see" what was happening and it became indelibly etched in your memory. Executive Seminars in Sound works on exactly the same principle.

Not A Series Of Lectures . . . The situations and people you will meet in "Seminars in Sound" are as real as those you encounter every day in business. You'll "sit in" on actual problems as they unfold, listen to how they're mis-handled, and then, through the advantage of "stop mo-

tion," a narrator will interrupt the action to point out errors, to explain what went wrong and to show what should have been done.

The Overwhelming Advantage Of Convenience . . . Cassettes are used on the standard cassette player that can be activated anywhere at any time. At home during your leisure hours. Beside you as you commute to work. While shaving . . . building in your workshop . . . traveling on a train or plane. Furthermore, they can be shared by others in your organization . . . even used for group training sessions.

Executive Seminars in Sound puts you into actual office, plant, sales and commercial situations . . . with a dramatic force that will automatically improve your managerial performance in similar circumstances.

The complete 8-part course at only \$85 includes:

A handsome 11¼" x 11½" vinyl cassette binder, with a built-in pocket for each cassette.

The complete set of eight cassettes, each one offering 45 to 50 minutes of playing time. You just pop out the one you want to hear, insert it in your cassette player and listen, anytime, anywhere.

A Study Guide providing a written synopsis for each cassette. Ideal for your personal review, as a reminder of sections you'll want to go back to and listen to again, or for formatting group training sessions in your own company.

Money back guarantee if not completely satisfied.

Nation's Business Executive Seminar Division
1615 H Street, N.W., Washington, D.C. 20062

NATION'S BUSINESS
EXECUTIVE SEMINARS IN SOUND
1615 H Street, N.W.,
Washington, D.C. 20062

Please send me "Executive Seminars in Sound" the complete 8-part management course on audio cassettes in cassette binder with Study Guide. I understand my entire payment will be refunded and my account canceled if I'm not completely satisfied.

☐ Check enclosed for \$85

☐ PLEASE CHARGE MY CREDIT CARD

American Express _____

BankAmericard _____

Master Charge _____ Bank No. _____

Expiration Date _____

Name _____

Address _____

City _____ State _____ Zip _____

NB0677

How Job-Injury Benefits Are Rising

FIVE YEARS AGO next month, the National Commission on State Workmen's Compensation Laws issued a report calling for "significant improvements in workmen's compensation."

The commission made a series of recommendations for changes in state laws and added that, if necessary, Congress should guarantee compliance with the recommendations.

What has happened since?

The 1977 "Analysis of Workers' Compensation Laws," latest in a series of such surveys by the Chamber of Commerce of the United States, shows that states have made significant increases in benefits in job-injury cases and that the number of people covered by state workers' compensation laws has increased substantially.

Also, the National Chamber's analysis shows the changes have been accompanied by significant increases in costs to employers.

What labor unions want

The changes have taken much of the wind out of the sails of those in Congress who have advocated federalizing the workers' compensation system—a step urged by organized labor.

In 1972 more than 300 laws dealing with workers' compensation were enacted in various states. More than 200 such laws were passed the next

PHOTO: ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Hundreds of state laws dealing with workers' compensation have been passed in recent years, and more such actions are being considered. Result: Wider coverage, bigger benefits, and higher costs for employers

year, and more than 150 were enacted in both 1974 and 1975.

Much of this legislative action was in response to the national commission's recommendations.

The commission termed these of its recommendations essential:

- Coverage under state laws should be compulsory rather than elective.
- State laws should cover all employers of one or more workers, exempting no occupational groups.
- Weekly cash benefits in disability and death cases should be no less than two thirds of the worker's gross weekly wage, subject to a maximum of at least 66⅔ percent of the state's average weekly wage by July 1, 1973, and 100 percent by July 1, 1975.
- There should be no arbitrary limits on duration or sum of benefits.
- State laws should provide full coverage of work-related diseases.
- Full medical care and physical rehabilitation services should be provided for any work-related impairment, without statutory limits on dollar amounts or length of time.
- Employees should be able to choose to file claims in the state where injured, where hired, or where employment principally takes place.

53 jurisdictions

Each of the 50 states, plus the District of Columbia, Guam, and Puerto Rico, have workers' compensation statutes on their books.

Before the commission's report, 19 of these jurisdictions allowed employers to elect whether to cover workers. Today there are only three: New Jersey, South Carolina, and Texas. In these three, most employers elect coverage.

Also, before the report, 19 jurisdictions had exemptions for small employers. Today only 11 do, and of these, six have reduced the exemptions without eliminating them. However, only 13 jurisdictions grant farm workers coverage, as against seven in 1972. And only two—New Hampshire and California—fully meet the commission's recommendation for coverage, at least to the extent that they are covered by Social Security, of household workers and all people who work irregularly.

Benefits rise everywhere

In the past five years many jurisdictions have met the commission's recommendation that workers' compensation claimants be provided with at least two thirds of their lost wages in death and disability cases. For example, only three jurisdictions—Florida, Idaho, and Washington—do not require that workers be paid at least two thirds of lost wages during a temporary disability. Before the commission report, 25 did not. All jurisdictions have raised benefit levels since 1972. Forty-one now provide for automatic annual adjustment

of benefits, based on the state average weekly wage.

Forty-one jurisdictions are now in substantial compliance with the commission's recommendation against limits on duration or sum of benefits, as against 19 jurisdictions in 1972.

Broad coverage of occupational diseases is now provided in all but two jurisdictions, an increase of 12 from 1972.

In 51 jurisdictions there are no time limits on medical care and physical care benefits. This compares with 45 states in 1972. Forty-seven states—up from 41 in 1972—no longer place dollar limits on medical and rehabilitation care.

As for the commission's recommendation that employees have a choice on where to file claims, 27 jurisdictions now meet this standard. Before the commission report, only 12 did.

Unsuccessful efforts were made in



PHOTO: SCENIC SALES—BLAIR STAR

☒ Check Out TITUSVILLE before you relocate

Do You Need

- ☐ an expanding market area?
- ☐ ample skilled or technical labor?
- ☐ excellent transportation?
- ☐ lower cost construction?
- ☐ lower operational costs?
- ☐ developed sites?
- ☐ would Right to Work Law help?
- ☐ a community that will help new business?

Many manufacturing companies have moved to Titusville, the County Seat of Brevard County over the past few years to take advantage of the above opportunities.

Not only that, but existing industries have been expanding their facilities of late.

- * Maybe it's the economy,
- * Maybe it's optimism,
- * Maybe it's the lifestyle,
- * Maybe it's word-of-mouth

or all of these . . .
Industrial Titusville is on the move!

☒ Check Out TITUSVILLE

For detailed information . . . Write:

George Gradhaus, Executive Director
North Brevard Development Commission

Department NB

Post Office Box 1960
Titusville, Florida 32780

In cooperation with the Division of
Economic Development,

FLORIDA
Department of Commerce

both the 93rd and 94th Congresses to pass laws forcing the states to comply with the commission's recommendations. One reason the efforts were unsuccessful was opposition like that expressed by Chicago lawyer Douglas Stevenson, who testified on Capitol Hill in behalf of the Chamber of Commerce of the United States.

To pass such federal legislation would be to ignore troublesome questions, Mr. Stevenson said.

"For example," he asked a House subcommittee, "why has not a single state fully complied? Does this suggest something may be inherently wrong with the commission's recommendations? Why are some states—such as Illinois, where several of the commission's recommendations have been adopted—now considering repealing some or all of the changes?"

New investigation

Mr. Stevenson's remarks received important support when the policy group of the Inter-Agency Task Force on Workers' Compensation submitted a report to the White House and Congress last January. The report was critical of the 1972 commission's emphasis on increasing benefits and extending coverage. "More and more may be less the answer than better and better," the report said, adding that it was time to "improve the efficiency" of the workers' compensation system.

In 95 percent of workers' compensation cases, claimants are well-served by the system, the task force policy group said. However, it said, in the remaining five percent of the cases—involving permanent disability or death—claimants or beneficiaries are not well-served. The policy group cited excessive litigation, long delays in payment, high subsequent rates of unemployment, and little relationship between benefits awarded and actual wage loss. These five percent of the cases represent 50 percent of the cost of workers' compensation to employers.

Employers' cost mushrooms

Cost has been an important factor in the reaction to proposals for changes in the workers' compensation system in the past.

In 1972, according to the Social Security Administration, business spent \$5 billion for workers' compensation insurance. In 1975, the latest year for which a comparable fig-

ure is available, the total was \$8.9 billion. The cost of such insurance is now rising at a 15 percent rate annually. Depending on circumstances and location, businesses are state-insured, insured by a private company, or self-insured.

The task force policy group urged three principles for reform:

1. Compensation for wage loss must be separate from other benefits and be paid as wage loss accrues.
2. Increase benefit incentives for rehabilitation and reemployment.
3. Increase financial incentives to employers to reduce the likelihood of accident or job-caused illness.

New action in Congress

Rep. Joseph M. Gaydos (D-Pa.) introduced legislation in the House in January for federal action on workers' compensation, and other bills may be introduced in the Senate this year.

In the meantime, further changes will be considered in the state legis-

The "Analysis of Workers' Compensation Laws" is published annually by the Chamber of Commerce of the United States. Fifteen detailed charts are presented in the 1977 edition to aid in locating specific provisions of laws in the 50 states, the District of Columbia, Guam, Puerto Rico, and the Canadian provinces. To order, make check or money order payable to the Chamber of Commerce of the United States, 1615 H Street N. W., Washington, D. C. 20062. Single copy, \$5; two to nine copies, \$4 each; ten to 99 copies, \$3 each; 100 to 499 copies, \$2 each; and 500 or more, \$1.50 each.

latures. Business groups are studying such proposals along with the report of the task force policy group. At this point there is no question about the business organizations' agreeing with this statement of the policy group:

"A program so affected by local employment conditions and local services, and requiring so much interaction with claimants, probably is more effectively managed at the state level. . . . Legislation to federalize the system is not warranted at this time." □

This book can save you time, space, and money.

How to
unBoggle
your records
storage &
retrieval
system



How do we know? We wrote the book.

Our book can solve a lot of big problems for you. Solve them by helping you identify them. That's what the Remington Systems Approach to records storage and retrieval is all about. It can help you discover where your record-keeping system is getting Boggled down. And it will show you how to get the Boggles out. Find out how our Systems Approach can streamline your operation and cut your costs at the same time. Write us today for our book. It's the last word on the subject!



SPERRY  **UNIVAC**
OFFICE EQUIPMENT

SPERRY UNIVAC IS A DIVISION OF SPERRY RAND CORPORATION

SPERRY-UNIVAC
P.O. Box 500 (Dept. 100-N9) Blue Bell, PA 19422

SEND ME THE BOOK!

NAME _____
POSITION _____
COMPANY _____
STREET _____
CITY _____
STATE, ZIP _____
TYPE OF RECORD KEEPING PROBLEM _____



Tired of hearing about somebody's
System 32?
B80?
Datasytem 310?
Etc., etc., etc.?

Introducing George. Your first computer.



He's ready to give you better control of your Accounts Receivable, Accounts Payable, Payroll, General Ledger, Sales Analysis, Order Entry and Invoicing, plus dozens of other jobs.

You're ready for your first computer. Because there are hundreds of details and functions in your company that a small business computer can handle faster, more accurately, and more economically than the way you're doing it now.

So you're ready for George. Not a roomful of blinking lights and whizzing noises, but a new employee. George. The Manageable Minicomputer from Cincinnati Milacron. The one with the low price.

George will help you in two ways. On the operating level, he can distribute and receive information, check details, handle scheduling, do the billing, maintain inventory, handle your payroll, and do dozens of other jobs. The minute you ask him to.

And on the management level he can give you tip-of-your-fingers access to the information you need to make decisions. Anything from overdue receivables to projected cash flow to production requirements to

instant inventory. Whatever you need, he can be programmed to deliver it. And you don't even have to do the programming — that's all arranged for you by the distributor who sells you George. Each distributor is a local supplier, working in your area, who will program George to work with you and your way of doing business.

But we can't tell you all about George in one ad. So call the toll-free number below and we'll send you a 12-page brochure that tells you more. And we'll also tell you who to contact if you'd like really detailed examples of how George can help you.

Call right now. You're ready for your first computer, so introduce yourself to George. He's the Manageable Minicomputer. And your brightest new employee.

Call 800-528-6050 ext. 790

(In Arizona, 602-955-9714 ext. 790)

The MANAGEABLE MINICOMPUTER

The Revolution in Today's Offices

BY JOHN LESSER



The modern office need not be large or extravagantly elaborate to provide a properly functional, stimulating atmosphere in which to work.

THERE IS a revolution under way in how companies and executives operate their offices. These sweeping changes may make it difficult for you to recognize your own office in the not-too-distant future.

Factories have already been automated to meet the challenge of costs and productivity. Now it is the office's turn to be analyzed and reformed.

Administrative zones, word processing centers, the paperless office—these are just some of the concepts for the office of tomorrow.

It should be no surprise that this revolutionary change is at hand. Costs of running an office are rising faster than productivity. At the same time, the quantity and quality of information being processed there are also rising through the use of computers.

A decision-making factory

If an office building can be considered a decision-making factory, look at the production costs.

Only two percent of the life cycle costs of an office building are related

to site acquisition, construction, and furnishings. Only six percent are related to maintenance, utilities, repairs, and rearrangements. Personnel costs, wages, salaries, and extra benefits for the people employed in running this factory make up 92 percent of the costs.

Indications are the future will bring shorter workweeks, temporary task forces rather than permanent employees for many functions, and even speedier reorganization of the office.

Stemming the paper flood

Technology, the generation of computerized information, brought with it a flood of paper. Eventually, technology will alleviate this problem through the use of devices such as microfilm and magnetic media for record storage. For the immediate future, however, technology will tend to generate still more paper while it seeks to stem the flood. There are now experiments in which virtually all of an office's mail, memos, and internal reports are transferred to digital form to be recalled, as need-

ed, on a cathode ray tube. By 1985, some say, the paperless office will be on the threshold of enormous growth. Others say this will happen sooner.

Office workers multiply

In the meantime, problems of information handling grow every day. Those who generate information, managers and professional workers, are growing in number at twice the rate of administrative personnel. U. S. government reports show that office workers, also information handlers, already outnumber manufacturing workers. By 1985 there will be twice as many office workers as manufacturing workers.

While companies have applied new technology extensively in most of their operations, management has been slow to do so in the office. Studies show that today's office workers are supported by an investment in capital equipment of only \$2,000, compared to \$25,000 per manufacturing worker.

In the mid-1960's the cost of dictating, typing, and mailing a business letter was \$2.74. Now it is \$3.79. By



An example of an open office which is truly effective as a base of operation.

1985, it is estimated, the cost will be more than \$6.

Average annual secretarial salaries passed the \$5,000 mark more than ten years ago. Today the average is more than \$10,000. By 1985 the average is likely to be around \$15,000. Business is finding the old ways of operating are too expensive. It cannot ignore new developments which can save labor and money now.

Secretary's job to change

The private secretaries are probably going to disappear. Instead, those with talent will probably become function supervisors, reporting to a handful of executives and supervising a group of operators of new office equipment—input-output terminals and text-editing machines.

Today's private secretary does provide an important and necessary function. But most executives do not consider that problems relating to

secretaries are significant or have a significant effect on administrative costs.

A recent study shows, however, that secretarial-related problems are extremely costly in terms of wasted labor and low levels of service. Some problems are inherent in the job, the study shows. These problems include low productivity; inability to satisfy large-scale, high-priority typing requests; less than full-time availability to the executives and managers for whom secretaries work; and low employee motivation.

Often not there

The study included 4,000 random observations at 13 different companies. The results were startling. They revealed that, for 24.7 percent of the working day, secretaries, on the average, were not immediately available to the executives and managers for whom they worked. This not-

available time included time spent photocopying, carrying messages, going for coffee, and filing.

Not-available time varied from 14.3 percent at a pharmaceutical company to 42.6 percent at a leading advertising agency. The agency had no central file personnel to assist the private secretary with filing.

These statistics mean that secretarial support to these executives and managers was not available, on the average, for the equivalent of three months each year.

When there was a need to handle large-scale, high-priority typing requests, the private secretary was unable to provide much help. Often there was no office system to handle typing priorities of this kind in most of the companies studied. Private secretaries had to be borrowed from other executives to meet priority typing needs. Hard feelings often developed as a result of this practice.

Group activity to grow

Secretaries identify with the individual to whom they are responsible rather than with the department in which they work. As a result, the private secretary's job is out of phase with the group approach to completing work assignments.

For a more efficient approach to secretarial functions, management is looking at the "administrative zone" concept.

What is an administrative zone? It is a coordinated grouping of service support functions such as typing, dictation services, filing, record storage and retrieval, and mail handling. For efficiency, a zone should be located close to those who require these services. The zone can be directed by a single supervisor.

Unlike a typing pool

You can see the difference between the administrative zone and a specialized activity like today's typing pool.

The zone combines a number of functions, not one. The zone operates close to those it serves and is part of the department or function it serves, not an entity in itself.

Clerical and administrative personnel who specialize in routine tasks like typing and filing take these over from the secretarial staff. The private secretary is replaced by an executive assistant. The executive assistant is responsible for supporting a few executives whose jobs are closely re-

"I have to control 15,000 freight, crane and port bills a month. So I chose a Lockheed business system."



An interview with Paul Osborne of Osborne Truck Line, a Birmingham, Alabama firm engaged in nationwide freight and port facilities.

Q. How do you use the System III?

A. We handle all the general accounting and payrolls for the Osborne companies on our Lockheed.

Q. Any unusual uses?

A. Well, we make out mileage reports with System III—records of the miles our trucks travel and their fuel consumption in each state for tax purposes. That's a pretty big job in itself for a small computer system.

Q. What led you to choose the Lockheed system?

A. It had a lower cost, and it's very easy to operate. Four of us in the office run it.

If you can read, you can operate System III.

Q. Do you plan to expand its use?

A. We already have. We provide various services for another truck firm delivering small packages throughout the Southeast. To handle that, we've added 90 additional computer programs. System III's expandability was another big factor in my decision.

Q. Is it saving you much money?

A. A lot. It will pay for itself in a hurry. Just as important, it can give us a lot of key information to help in decision-making. It's a low-cost management tool.

You can tailor a Lockheed business system to your business without paying a tailor-made price. Lockheed Systems handle payrolls, general ledger, accounts receivable and payable, invoicing, order entry, purchasing, inventory control and a lot more. As your business grows, your Lockheed System can grow with you—save you the cost of buying a new system. You can add terminals, add more chores—flexibility is built-in to Lockheed business systems.

Call collect: (201) 757-3300. Or write to us.



**Lockheed
Electronics**
Plainfield, New Jersey 07061

lated. In addition, the assistant serves as a full-time coordinator between these executives and the administrative zone.

The executive assistant can be freed from routine tasks and put to work on special administrative assignments for the executives and managers to whom the assistant reports.

Two new office concepts

It is not merely the private secretary who is costing more and delivering less. As of February, 1976, the average weekly salary for 13 clerical jobs, as measured by the Administrative Management Society, was \$155. That is an increase of \$11, or 7.6 percent, over the previous year's average weekly rate.

There are two concepts inherent in the office of the future. One is technical: the ability to apply electronics to basic office functions. The other is organizational: the way the office functions are put together, centrally and by departments.

In the technical area, there are changes under way in equipment and in product areas that are important to almost every office. For example, until two or three years ago, the plain paper copier field was dominated by one firm. Today many companies are eager to show the office how they can meet its copying needs conveniently and more cheaply.

Five years ago central dictation systems were rare. Today several firms offer highly sophisticated equipment that permits dictation

from Siberia, if need be, and that permits typing on a priority basis in transcribing centers.

Microfilmed records are at last really coming into their own, after years of promise and after use mainly by very large firms and government agencies.

Exit the typewriter?

However, it is the typewriter that has changed most in recent years. Not the old standard or electric model that requires correcting errors by hand, but the text-editing machine that has spawned a whole new industry called word processing. It is word processing which is most symbolic of the trend toward efficiency through technology at lower cost.

Word processing means different things to different people.

Industry authorities generally agree that word processing is a means of transferring words into an electronic memory or storage bank for recall, reprinting, and editing at a future time. The subject can be as simple as a short collection letter or as complex as a legal brief.

Word processing is growing at an annual rate of 15 percent. By 1980 word processing systems with communications abilities will be growing at an annual rate of 35 percent.

Scratching the surface

There are more than 200,000 word processing stations installed today. The stations are used mainly for text creation (primarily writing letters and reports), repetitive letters, internal and external correspondence, reproduction of documents, and typesetting. For these functions alone, word processing systems have tapped only about ten percent of their potential market.

Why is this, if the system saves so much time?

One reason, certainly, is that a person who has worked for years to acquire a secretary may find the idea of losing that status symbol disturbing. Word processing systems, from a cost-effectiveness standpoint, are best used at a department or company level. They end the need for an army of private secretaries.

The other reason has to do with management inertia. To introduce a revolutionary new system such as this, managers have to be interested and involved in its administration.

Then, too, word processing can have an impact on where, as well as

How White-Collar Salaries Are Rising

A survey by the Administrative Management Society shows how weekly salaries increased for 13 white-collar office positions in a one-year period.

| | YEAR | | Percentage Increase |
|-------------------------------------|-------|-------|---------------------|
| | 1975 | 1976 | |
| Mail clerk-file clerk | \$112 | \$118 | 5.4 |
| General clerk B | 124 | 135 | 8.9 |
| General clerk A | 149 | 161 | 8.1 |
| Accounting clerk B | 140 | 150 | 7.1 |
| Accounting clerk A | 171 | 181 | 5.9 |
| Bookkeeping machine operator | 133 | 141 | 6.0 |
| Offset duplicating machine operator | 152 | 162 | 6.6 |
| Telephone switchboard operator | 136 | 146 | 7.4 |
| Typist-clerk | 134 | 142 | 5.9 |
| Stenographer | 145 | 154 | 6.2 |
| Secretary B | 160 | 168 | 5.0 |
| Secretary A | 184 | 194 | 5.4 |
| Correspondence secretary | 140 | 148 | 5.7 |
| Keypunch operator B | 132 | 145 | 9.9 |
| Keypunch operator A | 148 | 157 | 6.0 |
| Tabulating machine operator | 164 | 172 | 4.9 |
| Computer operator B | 168 | 181 | 7.7 |
| Computer operator A | 196 | 211 | 7.7 |
| Programmer | 245 | 261 | 6.5 |
| Systems analyst | 285 | 304 | 6.7 |

Workers are designated as class A or class B depending on the amount of supervision the worker requires.

Yes, Mita is the fastest growing copier company in America. And there is a very good reason for our success. The Mita 900D dry electrostatic copier.

It makes beautiful, dry copies with blacker blacks and brighter whites than just about any desktop copier in the market. Even plain paper copiers are hard pressed to match our copy quality.

Or our efficiency. The 900D features an instant on/off switch that saves time and energy. And paper.

The Mita 900D adjusts to paper sizes from 3" x 5½" to 11" x 17".

And about our paper. It feels like paper. Not like something out of a chemistry lab. And, you can write on it with pen or pencil immediately.

Our copies are of a consistently high quality too, thanks to the 900D's dry single element toner. It makes sure the last copy is as clear and sharp as the first.

With machines like the 900D, is it any wonder Mita is the fastest growing copier company around.

- ☐ Send me the 900D's copy of this ad so I can test its quality.
- ☐ I've heard about the Mita 900D copystar, and I'm already interested. Call me and arrange a demonstration.

Name _____

Title _____

Company _____

Address _____

City _____

State _____

Zip _____

Telephone _____

QUICK: NAME THE FASTEST GROWING COPIER COMPANY IN AMERICA.



MITA COPYSTAR AMERICA, INC.

158 River Road, Clifton, New Jersey 07014 Phone: (201) 471-9485

how, business is transacted. With today's emphasis on cutting down on the number of people coming into metropolitan areas, there is no reason why terminals cannot be located in suburbs as well as the financial district or anywhere else.

Money-saving implications

But the economics of centralization of the typing function are compelling. In the long run, probably most companies, though not all, will go this route.

Today many firms are adding communications capability to existing word processing equipment. Input-output terminals go through a central processor, a memory bank. More terminals are now practical because costs for terminals are coming down.

In a ten-year time span, keyboard prices will drop 65 percent and visual display unit prices will drop 60 percent. A shared logic system with a central processor is cost-effective today at about seven stations. By 1980 the figure will be five stations, which means that the system's bene-

fits will be available at a practical cost level to smaller businesses.

Without taking inflation into account, secretaries' salaries cost \$2.8 billion in 1975 and will cost \$5.5 billion by 1980, based on a 7.5 percent annual increase in pay and an increase of 300,000 additional secretaries each year. Thus, costs are a driving force for new systems.

What to look for

When it comes to selecting office products for your office of the not-too-distant future, there is equipment to suit your needs. But first you must analyze your needs.

Using the word processing function as an example, here are criteria for consideration generally found valid in actual situations:

What kind of repetitive typing are you now doing which could be done more efficiently with automatic typing equipment? Do not exaggerate. The value of word processing is in production of the same material again and again.

What new or expanded work could

you accomplish if word processing equipment were added? Consider jobs you have neglected because they were too impractical from a time or effort standpoint.

New functions

Here are some of the new functions you might be able to perform:

Store and update address lists.

Personalize form letters.

Manipulate long, frequently revised documents.

Assemble individual letters from stored paragraphs.

Provide even margins on the right-hand as well as the left-hand side of a page, giving typed material a printed look for less expensive reproduction.

Edit long documents with the help of a display screen.

Rate each of your needs objectively. Some will be necessities, others important, still others not so vital. The optional functions are those you would like to have but would not spend your company's money for. Evaluations should be made practically, in terms of actual needs.

Matching up equipment

Equipment should be matched to personnel and vice versa. Sophisticated equipment requires the kind of people who can operate it. Your organization may have to be restructured if expensive, sophisticated equipment is being considered, although some equipment can be operated by most secretaries.

In some cases, a word processing center should be staffed so that maximum use can be made of the system.

These factors which apply to word processing can be modified and used as a guide in considering any office products. Similar criteria can be developed for copier-duplicators, dictator-transcribers, microfilm equipment, or environmental fixtures.

In all cases, your office is an area of increasing capital investment. Even though products of the future can save labor and cut costs, you must establish standards for productivity and efficiency that justify your investments. Others are doing it. □

MR. LESSER is a recognized authority on trends in office products. He has served as an executive with major office equipment and supply manufacturers and now heads a consulting marketing services organization with headquarters in New York.



Convenience copiers at the job site provide immediate duplicates for personnel who are in need of quick service. Portability is a big asset of these machines.

Film Storage of Records Can Pay Off in Space Savings



The mechanic can throw away this print when finished with it. If needed, another print can be made from film kept on file, thus saving storage space.

HOW WOULD YOU like to store and keep updating 500,000 pages of maintenance manuals?

That is what Allegheny Airlines, Inc., once did for all its aircraft and aircraft engines. Constantly updating pages, getting them into hundreds of manuals, and seeing that they stayed there—mechanics would remove pages so as not to have to work with a bulky book—was a time-consuming and tedious task.

This was prior to Allegheny's merger with Mohawk Airlines in 1972. Mohawk had a system of producing and distributing its manuals on 16 millimeter microfilm. After editing, new pages were inserted in a master manual and the entire section was refilmed, duplicated, and distributed.

When the merger took place, top priority was placed on the establishment of a similar system for all the

aircraft of the combined companies.

A decision was made to install Kodak equipment, partly because of the wide range of equipment available.

Inexpensive indexing

"We did not feel the need for a sophisticated retrieval method," Andre Dubon, Allegheny's micrographics specialist, says. "All aircraft manuals are organized by chapters and sections as specified by the Air Transport Association. We set up an inexpensive indexing system that leads the mechanic right to the section he needs, with a combination of numbers and index lines exposed on each microfilm image."

Filming is done at reduction ratios of either 36 to one or 31 to one, using Recordak AHU microfilm 7460. Two pages are filmed at one time, side by side. The film is sharp enough to retain fine lines even at these high reduction ratios. After filming, each section of a manual is spliced into a master roll for that particular manual. Rather than try to splice sections into the working film, the entire new roll is duplicated and sent to the field to replace the previous film.

Saving \$57,000 yearly

"Early in 1975," says Mr. Dubon, "we compared what it would cost to distribute the manuals on paper against the actual cost of producing and distributing them on microfilm. The results surprised even us. The cost of filing and distributing paper manuals was estimated at \$71,200. The job was done on microfilm for only \$13,550, an annual saving of more than \$57,000 for the one application."

"There is a more visible result at our Pittsburgh base, however. Previously, the top floor of our building was filled with file cabinets containing documents of all descriptions. It would sometimes take days to locate a record, if it could be found at all. Many records were simply misfiled or lost for good."

"Misfiling is no longer a problem, and now that all records are on microfilm, we have regained that top floor space." □



AutoCOM.™
A computer
output
microfilm
system
that's simple
enough to
use in-house.



And at \$1600 per month, AutoCOM is easy enough to afford.

In-house computer output microfilm used to be a complicated, expensive operation. But now there's the AutoCOM System from Datagraphix, the world leader in COM. AutoCOM gives you cut, dry archival quality microfiche with push-button simplicity. No complicated installation. No special training. No messy film processing.

And no major expense. For \$1600* a month, you get the fully self-contained in-house AutoCOM System, the companion AutoFICHE duplicator, regular maintenance and complete systems support. Compare that to the way you're getting the job done now, then use the coupon for more details on AutoCOM.

Datagraphix

Datagraphix, Inc.;
a General Dynamics subsidiary,
P.O. Box 82449, Dept. N3
San Diego, CA 92138
Phone (714) 291-9960

Please send me details on in-house COM with AutoCOM.

Name _____
Title _____
Company _____
Address _____
City _____ State _____
Zip _____ Phone _____

*based on 5 year standard lease terms and conditions; subject to change without notice.

Film Storage of Records Can In Space

Modern office planning, including open space, can turn drab surroundings into a more eye-pleasing and functional workplace. Two examples of today's use of space contrast with an office scene from a generation ago.



Copying machines have become almost a basic way of life for the modern office. Large machines, such as this one at Fairchild Republic Co., handle short and medium volume runs, collate, make transparencies, and automatically accommodate paper of varied weights. Convenience-type plain paper copiers offer capability in any location, including security situations.

MEET YOUR NEW ACCOUNTING DEPARTMENT.

THE GREAT NEW MONROE LCC/60!

Now, for between \$7,700 and \$10,000, you can own the new Monroe Ledger Card Computer and appropriate software. Just a little larger than a typewriter, the LCC/60 performs all your accounting functions: invoicing, accounts receivable, accounts payable, payroll, general ledger posting, and more.

Faster. Prints 60 characters a second. Faster than any accounting machine in its price range.

Simpler. Easier to operate than any other accounting computer in its price range. Operators can be fully trained in a matter of hours.

Greater Flexibility. It has forms handling capability that's unmatched by any machine in its price range.

Consider the Monroe LCC/60 for your accounting functions. It can replace outdated hand systems, old mechanical posting machines and even over-qualified expensive mini-computers.

Use the coupon below to get further information. Or, just call your local Monroe Branch office.

To: Monroe, The Calculator Company
The American Road
Morris Plains, NJ 07950



- ☐ Please have a Monroe representative tell me more about the LCC/60.
- ☐ Please send me further information about the LCC/60.

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

NB-6-7

MONROE

THE CALCULATOR COMPANY
The American Road, Morris Plains, NJ 07950



One Way to Cut Costs: A Word Processing Center



Once copy is entered in the typewriter's memory, any changes are typed manually. The rest of the text is repeated automatically.



The latest dictation machines, such as the Norelco, show the amount dictated and special instructions, if any, for the copy.

A NEW WORD processing center serving Public Service Electric & Gas Co.'s engineering and construction department will save the company thousands of dollars a year in secretarial and engineering time.

More importantly, the new system will smooth and speed the flow of written communication and may serve as a model for other centers throughout the Newark, N. J.-based utility.

On the surface, the system is fairly simple. Engineers and others in the department use their telephones to call a central dictation system. They dictate over the phone all material to be typed in the center. In less than a day's time, typewritten copy is delivered to them.

Analyzing needs

What made using the system simple and desirable was an intimate knowledge of the department's dictation needs, a detailed survey of secretarial personnel and how best to use them, good choice of equipment, and a master plan.

The first step in the master plan

was studying the existing system. Dave Burd, a staff assistant at the utility, began a total word processing study of the engineering and construction department in 1975.

"There were 76 persons involved in typing functions," Mr. Burd says. "About 25 were private secretaries; each worked for only one executive. All of the others worked for two or more people. In some divisions of the department, the ratio of secretaries to engineers or managers was one to seven; in other divisions, the ratio was one to five."

What typists did

The study found that the 76 people responsible for typing spent, on the average, only about 50 percent of their time actually doing so. The other half was spent on administrative functions, such as placing phone calls, arranging meetings, making travel reservations, and performing simple mathematical calculations.

The study also showed that 69 percent of the original work submitted to typists was in longhand. Moreover, the longhand had to be

clear and neat, with explicit instructions for producing typewritten copy. The utility estimates that an engineer's time is worth about \$17 an hour, including salary, overhead, and benefits—a steep price to pay for carefully writing manuscripts in longhand.

To calculate potential savings from a word processing center, Public Service Electric Gas Co. used statistics provided by North American Philips Corp., the manufacturer of Norelco dictation equipment purchased by the utility.

The Norelco manufacturing firm's studies showed that people write about ten words per minute and speak about 50 words per minute. Approximately 85 percent of all original work that is ultimately typed is dictatable. And most people work about 240 days a year.

Savings substantial

Using the Norelco data, the utility stood to save 98 man-hours per day in the engineering and construction department by setting up a word processing center. Assuming en-



Finally. A copier with a brain at a price with a heart. \$2,995.



The Saxon 3 plain paper copier brings progress to small businesses. At a price they can afford.

We've given our new copier an advanced electronic "brain." An incredible little device called a microprocessor that actually does the job of thousands of conventional components. Less circuitry means more reliability. If anything should happen, the entire little

"brain" can be replaced by a Saxon Service Corps technician in minutes.

More basic progress. The new Saxon 3 has a new push-button control panel. So it's as easy to operate as a pushbutton phone.

It all adds up to a simple, efficient machine that fills your low to high volume requirements with consistently crisp, clear copies on plain bond paper.

And all this basic progress gives you some very basic savings.

The Saxon 3 has a price with a "heart." It sells for only \$2,995. So it can be purchased or rented for less per month than just about any other plain paper copier ever made.

A step forward in performance. A step back in price. A step in the right direction for small businesses.

Why not take the next step and call us collect at (305) 558-1541. Or mail our coupon.

Saxon Business Products, Inc.
13900 N.W. 57th Court
Miami Lakes, Florida 33014

NB-6

I want to take a step in the right direction. Send me more information about your Saxon 3 copier and the other affordable plain paper and electrostatic copiers in your line.

Name _____ Title _____
Company _____
Address _____
City _____ State _____ Zip _____

Introducing the **saxon 3** plain paper copier

We've cut the price of progress.

Saxon is a registered trademark of Saxon Industries, Inc.

Worth a Thousand Words

Facsimile is one of the modern office tools being utilized today, especially by businesses with heavy deadline pressures and a need for speed.

The advertising agency is an example of a business where promptness and efficiency are in demand.

Bernard Hodes Advertising, Inc., which specializes in recruitment advertising and has six offices across the country, has used facsimile to good advantage.

"It is now at the point where we transmit insertion orders, media plans, copy, and layouts to our clients on a regular basis," says Senior Vice President John P. Bertsch.

The company uses Qwip, made by Qwip Systems, a division of Exxon Enterprises, Inc.

Aside from speed and economy, Mr. Bertsch says portability of the facsimile machine has been valuable on new business calls. "We use it to demonstrate to potential clients that we are no more than four to six minutes away from any client's office," he says.



When there is a need to transmit graphics speedily to another company office or to a large client, facsimile equipment offers a solution.

gineering time at \$17 an hour, the total savings would be \$399,840 per year, or about \$1,142 for each of the 350 members of the department who would ultimately use the equipment.

To be conservative, the utility estimated that only 80 percent of all work was dictatable (actually 86 percent of the work has been found to be so), that people could write 15 words per minute, and that they would work only 200 days a year. On this basis, the savings still would be a sizable \$174,000.

Equipment needed

Satisfied that a word processing center could effect a substantial saving, the utility began one. Basically, three types of hardware would be needed:

Central dictation equipment—the

units that the engineers and executives would use for dictation.

Transcription equipment for taking recorded dictation and transcribing it into typewritten copy.

A computer-based editing and printing system that provided memory and visual display capabilities.

The utility selected Norelco 260 automatic dictation units, Model 95 portable units for fieldwork, and Model 98 transcribers. The editing and printing system selected was the Avionics Wordstream III, which provides printing, editing, and storage capabilities.

The word processing center opened in December, 1976. At the rate of 16 people a week, 350 people in the engineering and construction department are being trained to use the dictation system. To train them, the

utility uses a combination of slide presentation, group discussion, and workbook, prepared with the assistance of Charles McGuire and Connie Fitzsimmons of Executive Communications Systems, the Union, N. J., Norelco distributor which sold the system to the company.

Although its goal for turning work around is one day, the word processing center is getting typewritten copy back to the author in an average of 4.6 hours.

While almost all the members of the engineering and construction department are headquartered in the same building, an employee can communicate with the center from any company telephone and, when a new telephone system is installed next fall, from any touchtone phone in the world. □

Canon has put some dynamic ideas into a new copier. And if your office has low-to-medium copying requirements, it'll be a good idea to read about it.

The new copier is called the Canon NP-50. It's engineered with the same type of rugged solid state technology used by the aerospace industry, where reliability is an absolute must. And it's so compact it fits anywhere it's needed...some other manufacturers' machines won't even fit in your office. The Canon NP-50 has features that produce clear, legible copies in statement, letter and legal size, on plain paper that can be written on immediately. It also copies onto transparencies and colored plain paper.

It replaces copiers like the Xerox 660 as well as old fashioned electrofax

copiers that use coated paper to produce copies that are tough to write on and tough to read.

Because the Canon NP-50 is so reliable it greatly reduces your operating costs and will save you hundreds even thousands of dollars. And our suggested retail price of \$2975 includes a handsome rollaway stand, specifically designed for the NP-50 (another Canon advantage). Other copier manufacturers won't give you a copy stand, let alone the wide range of NP-50 features.

To find out more about a whole new generation in copiers talk to your authorized Canon copier dealer about the NP-50, or complete the coupon below.

Canon's dynamic NP-50 copier. Just think, when plain paper copier history is written, this ad might be a page.

- ☐ I am interested in the Canon NP-50 plain paper copier. Send me more information.
☐ I'm already interested in the Canon NP-50 plain paper copier. Please call me to arrange a demonstration.

Name _____

Company/Title _____

Address _____

City _____ State _____ Zip _____

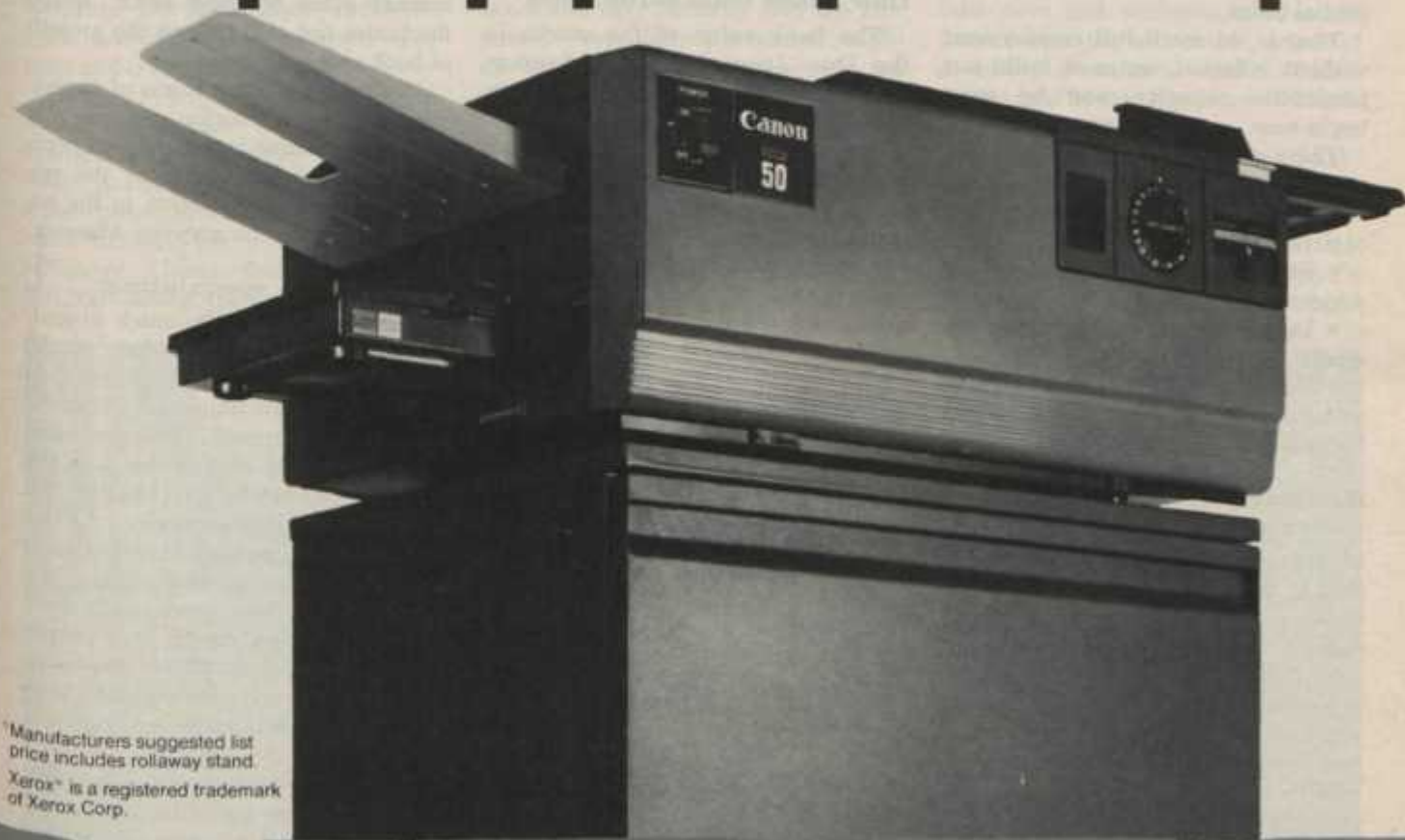
Tel (area code) _____

Canon
PLAIN PAPER COPIER
NP 50

Copier Division
Canon U.S.A., Inc.
10 Nevada Drive,
Lake Success,
N.Y. 11040

86

For \$2,975*, it's the biggest bargain in plain paper copier history.



*Manufacturers suggested list price includes rollaway stand.

Xerox® is a registered trademark of Xerox Corp.

NP 50

Can America Finance Future Prosperity?

BY HARRY B. FREEMAN, JR.

A CENTRAL question today is whether the nation will be able to finance its own future prosperity. The need to save and invest was emphasized by the Ford administration. The Carter administration so far has emphasized the more immediate problem of unemployment. However, everyone recognizes the essential point.

That is, to reach full employment without inflation, we must build our productive capacity, and we must begin now.

There are many ways to help accomplish this, including:

- Eliminating the double taxation of dividends.
- Stimulating the reinvestment of dividends.
- Increasing the investment tax credit.
- Permitting the accumulation of an estate of a given size without the burden of a capital gains tax.

Revising priorities

Any steps we take to spur growth of the nation's productive capacity and to create jobs should boil down to encouraging savings and investment.

Without such a revision in basic economic priorities, U. S. business will not be able to build new factories or purchase new equipment. The result: insufficient employment opportunities.

For the past three or four years the investment community has been putting many of its customers into bonds or bond funds. The buyer of these securities is lending money for a fixed rate of return. This is a sound policy for some investors.

However, lending at a fixed rate of return will not bring investors a sizable accumulation of capital.

Accumulation of capital is primarily dependent on equity investment in companies that are innovative and

growing. This is the kind of property which appreciates over the years. The investor's equity grows with the growing book value of the company. This growth in book value, in turn, is a measure of the company's productive capacity—its ability to produce goods and services.

Dow Jones book value soars

The book value of the stocks in the Dow Jones Industrial Average has increased approximately ten times in the past four decades.

Since the 1920's the market price of the Dow Jones Industrial Average has slipped below book value only three times—in 1974, 1942, and from 1931 through 1933. At its peaks, the average has historically been 2.2 times book value.



Mr. Freeman is associate managing partner of Lord, Abbett & Co., a sizable, Wall Street-based investment management firm.

Today the stocks in the average sell for less than 1.2 times book value, indicating that the price of ownership is temptingly low.

Drop in equity ownership

The six years from 1968 to 1974 saw the longest bear market in history. At the end of 1968 equity ownership by individuals was 45 percent of their total financial assets. At the end of 1976 it was 26 percent. People have been scared out of the stock market and away from the benefits of owning common stocks.

In the long run that is bad for them and for our economy.

Retained earnings build book value and therefore foster appreciation in an investment. Retained earnings improve and expand productive capacity of companies and increase their earning power and inherent value. This leads to growth in the market price of their stock, which fluctuates but still follows the growth of book value.

Unlike some other forms of investment, common stocks can provide growth of income and growth of capital. This gives the investor the opportunity for participation in the accomplishments of a growing America.

Investing vs. speculating

The speculators, the quick in-and-out traders, play market peaks against the valleys in an auction market that contributes very little to basic capital growth. The real consolidated wealth of America is in the hands of investors who realize the importance of staying power.

Whether these long-term investors are institutions or individuals, the stability and consistency of their ownership helps create the proper climate for the corporate financing needed to remedy the capital shortage that is threatening our economic health.

Vision and commitment are vitally important to an investment program. Too often, we have seen the attraction of short-term opportunities interrupt or destroy financial plans that were otherwise sound.

We ought to remember that the central purpose of investment is sound, stable, patient preparation for tomorrow's needs.

Long-term ownership in industry through common stocks is good for the investor, and it helps to enlarge the essential capital base of our economy. □

How a Business Fights Housing Blight

FREDERIC H. RIDER is too fond of Brooklyn to let it fall apart. Especially those beautiful old brownstone homes, symbols of past elegance.

Ten years ago Mr. Rider convinced the Brooklyn Union Gas Co., where he is vice president for advertising and public relations, that the utility could help save some of the New York City borough's deteriorating neighborhoods.

"Unlike some utilities, we couldn't follow our fleeing customers to the suburbs," Mr. Rider says. "If the city goes downhill, the company's revenues suffer proportionately."

Brooklyn Union bought an abandoned brownstone for \$15,000 and brought in an architect and an interior designer. They turned it into a showplace. More than 4,000 visitors went through the house in a year. Brooklyn Union then sold it for \$65,000—about the cost of buying it

and sprucing it up. Today the brownstone is worth twice that.

Next the company bought three blighted old stores in another neighborhood. They were converted into residences.

"That project made waves you could feel 20 blocks away," Mr. Rider recalls. "Its effect on the pace of restoration has been tremendous."

In both these neighborhoods, people began buying up old properties and restoring them.

"Instead of a derelict that pays no taxes and may actually cost the city money—especially if it houses people on welfare—you create a new tax base," Mr. Rider explains. "Some housing activists argue that you don't create housing for the poor that way. But when the city suffers, the poor suffer most of all. In order to help the poor, you have to save the city by attracting economically substantial people."

Brooklyn Union has conducted a number of renovations in addition to its initial efforts and is proud to show off its accomplishments. It staged a series of brownstone fairs. At the first fair, 2,500 people turned out. The fourth fair drew 25,000 visitors.

A few years ago attendance at performances at the Brooklyn Academy of Music had dropped to a few hundred annually. Fred Rider inveigled a bank in the neighborhood to finance several residential restorations. He persuaded another investor to take over and renovate another 13 houses near the institution, scene of a variety of cultural events. Today attendance at the Academy of Music is up to 250,000 a year.

"Brooklyn Union has spent \$400,000 on the restoration program in ten years," Mr. Rider says. "But that is very little when you consider the size of our stake in the community."•

continued on next page



These before-and-after scenes give a glimpse of how a rundown neighborhood in Brooklyn was reborn. Three deserted stores, a haven for derelicts, were converted into townhouses, complete with backyard patios. Brooklyn Union Gas Co. says the renovations prompted numerous investors to buy other old structures and convert them into valuable residential properties.



A Company Helps Youngsters Launch Careers

Rockwell International Corp. is putting on a big ACT for high school youngsters which is doing wonders in career development.

In 1970 Rockwell began offering high schoolers in neighborhoods around its West Coast aerospace plants a chance to get exposed to a real-world job environment. The students would be invited to take courses on subjects ranging from industrial photography to data processing. The courses would be taught by Rockwell employees, and the students would work with company equipment.

Ninety students turned out for the first class in the program, which the company calls Advanced Career Training, or ACT. Since then more than 10,000 have participated, making this the largest company-sponsored education program in the country. Some 250 employees donate their time as instructors.

James J. Haun, manager of publications for Rockwell's space division, originated the program. He says:

"I felt that, if the educational system in our country was going to be



Photography is one of 45 courses taught high schoolers in Rockwell International's Advanced Career Training program, called ACT.

improved, business would have to play a role. We have the facilities, and we have the knowledge, and there are thousands of youngsters eager to learn."

Southern California school districts jumped at the chance to participate. The quality of instructors and the kind of equipment and facilities furnished by ACT could nev-

er be financed under traditional school budgets. Schools pay only the cost of transporting students to plants for the twice-a-week 5-to-7 p.m. classes.

More than 80 percent of the students are from racial minority families. Scores of the youngsters wind up with Rockwell jobs. Rockwell annually awards ten four-year college scholarships to ACT-trained youngsters.

ACT has helped cut down the number of school dropouts. A 16-year-old with a record of arrests for burglary, arson, and narcotics was encouraged to join ACT. He signed up for technical illustration courses, finished high school, and has been working at Rockwell for five years.

Other companies have started such programs. These include Lockheed, Northrop, General Electric, and Pratt and Whitney.

Dale D. Myers, president of Rockwell's North American aircraft operations, says:

"ACT has established conclusively, we believe, that industry and the educational community can work closely for the benefit of the nation's youth; that our young men and women have a deep interest in modern industry and their future roles in it; and that large corporations have resources, both physical and human, that can be valuable contributions to the academic process." •

Hobby Becomes Thriving Enterprise

Albert F. Marsh has some interesting customers—the ruler of Kuwait, the Mexican government, and the Space Flight Center in Houston, to name a few.

Mr. Marsh sells quail, quail eggs, and all the equipment associated with raising these game birds.

What started as a hobby has become a thriving business—Marsh Manufacturing, Inc., of Garden Grove, Calif. Mr. Marsh employs more than 40 people, and his sales exceed \$1 million a year.

His interest in quail was sparked by a television science program in 1964. Three professors from the University of California-Davis near Sac-

ramento were talking about the Coturnix quail and how it can lay an egg a day. Mr. Marsh, an engineering draftsman with a construction firm, flew to Sacramento the next day to get more information from the professors firsthand. He returned home with 100 Coturnix eggs. A friend who had an incubator hatched the eggs, producing 48 chicks.

"You can't raise quail in an apartment, so I went out and bought a house and put them in the garage," Mr. Marsh says. "In three months I was producing so many quail I took a leave of absence for 60 days. By then I knew I had created a business, so I quit my job."

In time Mr. Marsh bought a block-long tract of land, rehabilitated some old buildings, and launched Marsh Farms. Meanwhile he began manufacturing incubators, metal cages, feeders, and other equipment.

South Vietnamese officials visited

his operation in 1970, and the Saigon government bought 25,000 breeding birds and 10,000 incubators. The emir of Kuwait bought several thousand birds. The Mexican government spent \$30,000 on a single order.

The National Aeronautics and Space Administration ordered 200 laying hens to be delivered to Houston within five days of successful completion of several manned orbital flights.

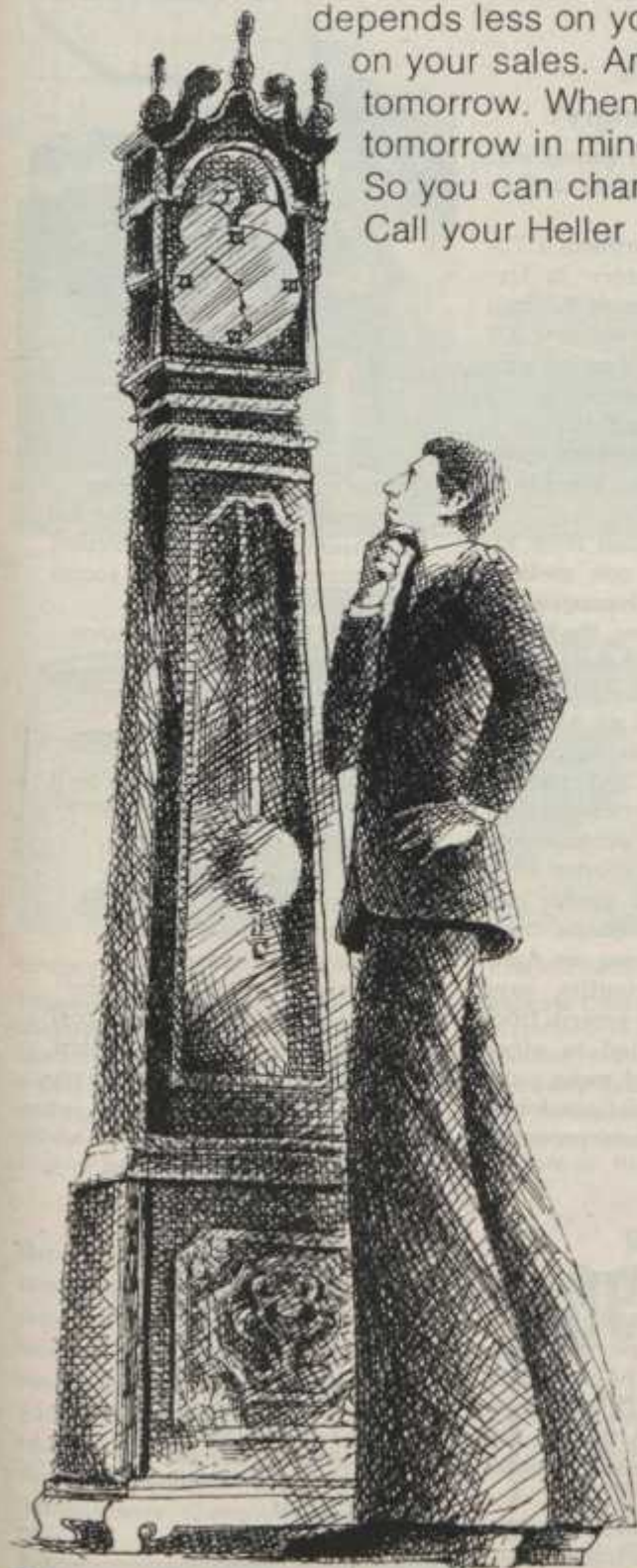
"I was never told what NASA did with the birds," Mr. Marsh says. "I can only assume it had something to do with looking for possible contamination of our early space explorers."

Quail are in great demand as pets as well as a source of food. Quail eggs are considered a gastronomic delicacy.

"There is no secret about why people want to raise quail at a hobby," Mr. Marsh says. "Most of us get satisfaction out of seeing things grow. There's a little farmer in all of us." □

Heller financial programs make sense today. And tomorrow.

Nobody knows what tomorrow will bring. That's why flexibility is built right into your Heller financing program. How much you can borrow depends less on your balance sheet ratios and more on your sales. And how they're going to grow tomorrow. When your program is created like this, with tomorrow in mind, it changes as the times change. So you can change, too. Without missing a step. Call your Heller man today. And be ready for tomorrow.



HELLER
Financial Services



Walter E. Heller & Company 105 W. Adams St., Chicago, Ill. 60690
New York • Boston • Philadelphia • Baltimore • Syracuse • Detroit • St. Louis
Charlotte • Kansas City • Denver • Atlanta • Miami • Birmingham
New Orleans • Houston • Dallas • Phoenix • Los Angeles • San Francisco
Portland • San Juan P.R. Heller services also available through Heller
Companies in Canada and twenty other countries around the world.



SOME GREAT-ESCAPE LOCATIONS FOR PEOPLE...

ARE GREAT FOR INDUSTRY TOO!

A lot of what people want to escape to—like cleaner, less hectic, quieter living—is available in communities of 5,000 to 100,000 that are seeking new industry. We know of many with the resources and facilities that are important in relocating industry. We'd like to tell you about them.

FOR INFORMATION about the easy-living small and medium size towns on our line, please write us on your letterhead, in complete confidence and without obligation, stating as much as possible your specific needs.

N. A. KIRCHOFF,
Vice President - Industrial
Development, St. Louis-San
Francisco Railway Co., 923
Frisco Bldg., St. Louis, Mo. 63101,
or call (314) 241-7800

74039A



St. Louis-San Francisco Railway Co.

Frisco Territory includes:
Alabama, Arkansas, Florida,
Kansas, Mississippi, Missouri,
Oklahoma, Tennessee, and Texas.

The World of Industry

continued from page 12B

and the Western states. The United States already has identified deposits in those regions sufficient to meet domestic phosphate needs for hundreds of years. •

New Protein Source to Feed World's Hungry?

In the future, people throughout the world may eat tobacco as well as smoke it.

The Agriculture Department's Tobacco Research Laboratory in Oxford, N. C., says an acre of tobacco plants, which produces 2,000 to 2,500 pounds of smoking tobacco, also has the potential for producing 100 pounds of dried protein solids.

Thus, U. S. tobacco growers alone could produce 100 million pounds of food for a hungry world.

Protein can be extracted from tobacco as a result of a new method of curing tobacco called homogenized leaf curing. In this process, the leaves are ground to a pulp and the protein extracted chemically.

Smokers may benefit as well because the new process is said to alleviate health hazards and provide a better-tasting and better-smelling smoking tobacco. High protein content in cured tobacco creates both toxic substances in the smoke and odors that some find obnoxious.

Dr. Donald W. De Jong, an Agriculture Department scientist, says the process of extracting protein from tobacco could be applied to other green leaves. That would mean some 40 billion tons of green foliage found worldwide would be a new potential source of protein. •

Electronic Banking Boosts Computer Use

The value of equipment used in operation of electronic payment systems will rise from \$5 billion today to \$13 billion by 1986. This estimate comes from a study by Arthur D. Little, Inc., Cambridge, Mass., management consulting firm.

A limiting factor will be how quickly electronic funds transfer systems are adopted, the study says. However, it estimates as of now that the value of installed terminals used for making payments will quadruple, from \$1.5 billion in 1976 to more

Solving the problems of success.



If you're facing the problems of success . . . needs for physical expansion, increased production requirements, or multiple access distribution . . . consider Indiana. It's the logical choice. You're in the heart of expanding markets. You have excellent transportation networks to reach those markets . . . and beyond. You'll find a skilled Hoosier work force ready to manufacture, service and distribute your products efficiently and economically.

Indiana has numerous industrial locations, where the combination of a moderate cost of living and a quality standard of living makes your payroll go further. And on top of it all, we have state government that's run on a businesslike basis . . . by people who truly know how to help solve those problems of success.

Indiana wants your business.
Contact:

Arthur D. Hopkins, Director
Industrial Development Division
Indiana Department of Commerce
336 State House, Dept. NB
Indianapolis, Indiana 46204
(317) 633-5300/TWX 810-341-3376
Cable INCOM

INDIANA

Indiana Department of Commerce
Lt. Gov. Robert D. Orr, Director

SAVE MONEY!

Randustrial® Roof Spray lets you do your own roofs without the exorbitant cost of outside contractors.



ECONOMICAL ROOF SPRAY PROCESS

The Randustrial® Do-It-Yourself Roof Spray Process is an effective way to combat inflation. You can save up to 50% on your roofing budget simply by eliminating the exorbitant cost of outside contractors.

Borrow a labor-saving Randustrial® Roof Spray Kit at no charge and waterproof your plant roofs yourself with your own men or vacationing college students. Our Roofing Consultants will provide jobsite instruction for a system so basically simple that unskilled workers produce professional results.

FREE 64 page Maintenance Catalog.



EPOXY FLOOR PATCH

Impervitite® is resistant to water, oil chemicals and the heaviest trucking. Use to patch up holes or resurface aisles. Preparation is easy as the resin and aggregate filler are already factory mixed. Impervitite dries overnight. Inquire for FREE 2 gallon sample.



PREMIUM BLACKTOP SEALER

Squeegee-Cote® protects your large investment in asphalt pavement by resisting oil and gasoline spillages and delaying deterioration. It keeps a like-new appearance for several years. On large jobs, it may be spray applied. Inquire for FREE 2 gallon sample.



INSTANT CHUCKHOLE PATCH

Shovel in Rannite® Chuckhole Patch, roll with an ordinary car—and no more chuckholes. It can be used on wet or dry asphalt or concrete. Its plastic base provides extra durability and adhesion. Inquire for FREE 2 gallon sample.

Randustrial® offers FREE 2 gallon samples of many of its products to provide you an opportunity to see how they work in your plant, prior to buying. Simply let us know what products you are interested in by checking coupon. You will receive your samples and our 64 page Maintenance Catalog, without delay. (Sample offers not valid for home use.)



**Randustrial
Corporation**

Sales Offices in Principal Cities

13251 Union Ave., Cleveland, Ohio 44120
(216) 283-0300

free! two gallon samples----

Please send samples as indicated below:

- ☐ Epoxy Floor Patch
- ☐ Blacktop Sealer
- ☐ Chuckhole Patch
- ☐ Color Roofing Movie
- ☐ Further information on Roof Spray Process
- ☐ 64 page Maintenance Catalog

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

TELEPHONE NO. _____

NEBRASKA FOR MARKETING REASONS.

We're at the heart of a 50-million customer market. Only one day by truck to major market centers like Denver, Chicago, Minneapolis, St. Louis, and Dallas / Fort Worth. To reach either coast, we're already half way there. Your next plant will serve markets more profitably from Nebraska. Send for all the important location and transportation reasons that show you why.



For all the facts, write Chuck Elliott, Department of Economic Development, Box 94762, 317 State Capitol, Lincoln, NE 68509. Or call (402) 471-3111.

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY _____

STATE _____

ZIP _____

FLORIDA

means business when it says
"WE WANT YOUR BUSINESS."



Reubin O'D. Askew

Reubin O'D. Askew
Governor State of Florida

No "ifs, ands or maybes", Florida is interested in having your plant or business located in the Sunshine State.

Our professional staff is at your service.

Write:

Joe Hennessy, Director
Division of Economic Development
Florida Department of Commerce
107 W. Gaines Street, Room 882 NB
Tallahassee, Florida 32304
(904) 486-5507

FLORIDA
THE PLACE TO BE

than \$6 billion in 1986. During the same period, the value of general purpose computers supporting these systems will rise from \$3.5 billion to \$7 billion.

The Arthur D. Little firm predicts growing volumes of automatic deposits from state and private employers as well as from federal agencies. The study estimates that banking clearinghouses, which now process about 16 million federally issued payments monthly, will handle 40 million monthly by 1986. This growing volume, it is believed, will condition the public to increasingly use pre-authorized transactions. •

Recycling Industries Hope for Better Year

Growing emphasis on conservation is welcome news to the recycling industries, which failed to post any significant growth last year. Recyclers hope to boost results this year, the National Association of Recycling Industries, Inc., says.

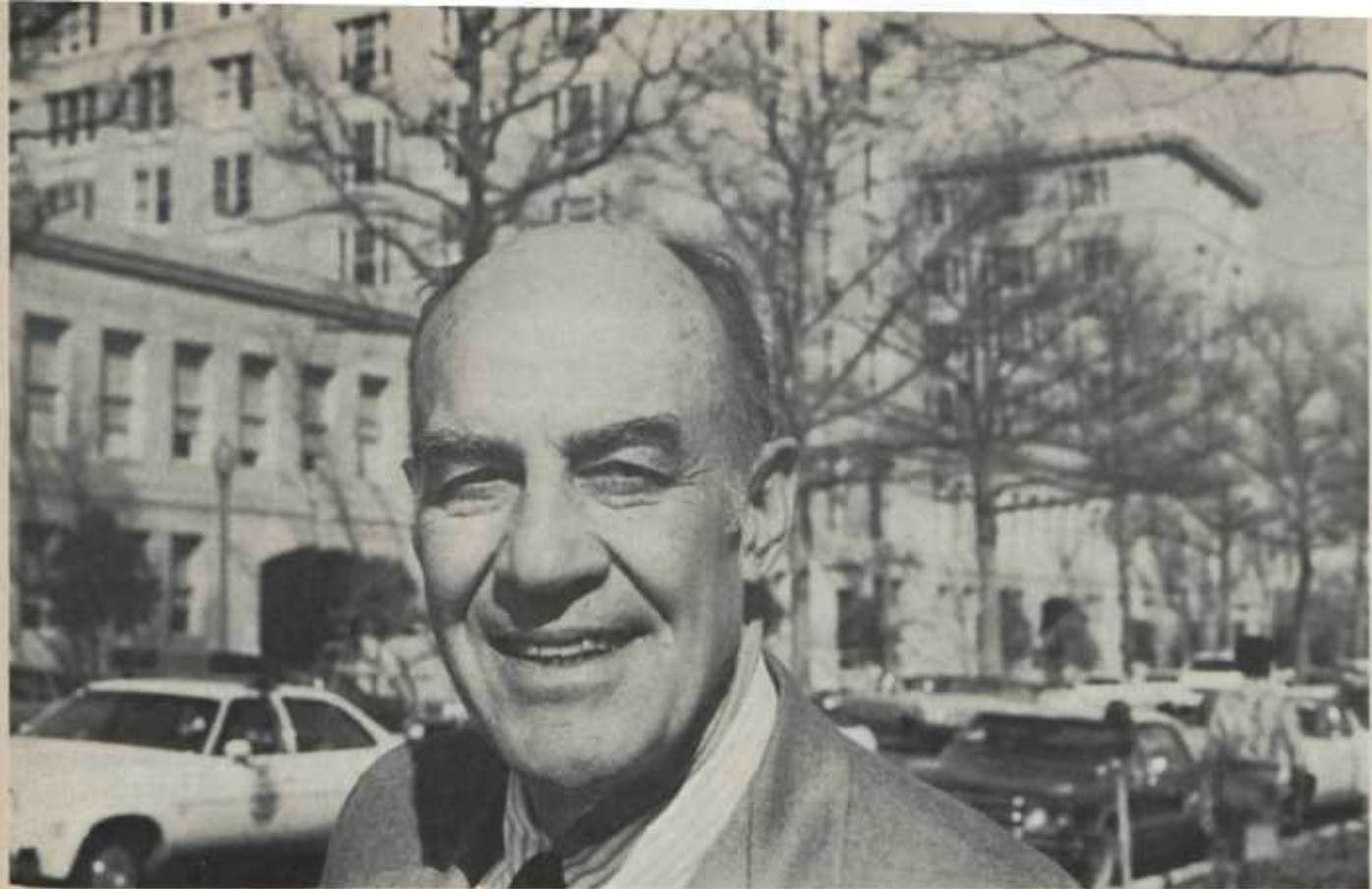
Only recycled aluminum showed an appreciable increase in 1976. Copper, stainless steel, lead, and zinc recycling remained relatively static, the association reports, while the amounts of recycled paper, textiles, and rubber fell to new lows.

Recycling increases in volume when there is a sharp recovery and accelerated growth in the economy. Recycled materials are then needed by manufacturers to supplement other raw materials they buy.

Recycled aluminum accounted for 25 percent of aluminum purchased in 1976, up from 23.4 percent in 1975. Sales of recycled copper, zinc, stainless steel, and lead made smaller gains over results in 1975. Only recycled lead, however, was ahead of the amount recycled in 1974.

Paper recyclers have been hit hardest, the association says. Despite the economic upswing in 1976, only 10.2 million tons of paper were recycled during the year. That total is less than the 1975 figure and far below the 12 million tons recycled in 1974.

A similar situation exists for textiles and rubber. M. J. Mighdoll, the association's executive vice president, says. If recycling doubled from present levels, Mr. Mighdoll adds, these annual energy equivalent savings would result: aluminum, 33 million barrels of oil; paper, 30 million barrels; copper, 20 million barrels. □



Get Involved With Government —You Can Make It Better

BY JACK ECKERD

WHEN running for public office a few years ago in Florida, I took some strong free-enterprise stands which could have been expected to anger many customers of the drugstore chain I then headed. Did it hurt business? No. A few stockholders wrote in to tell me to stick to what I knew, but not once did a customer tell me he would never shop in our stores again because of some stand of mine.

Yet nearly every time I have given a speech urging my fellow businessmen to become involved in government and to get busy selling the free enterprise system which has made this country so great, someone has told me afterward: "I'd like to, but it might hurt my business."

What nonsense. My experience, and that of other business people who

have become involved, proves you can get into the fight without harm to your business.

I firmly believe that, with all its faults and weaknesses, the American enterprise system is the best method the world has seen for producing and distributing the most goods and services to the most people.

Where business has failed

The business community has failed in two important ways to buttress that system. We have failed to get involved deeply enough in trying to make government at all levels more effective and in trying to stop the trend toward increased governmental interference with private enterprise. Secondly, we have done a poor job of educating the public about ourselves—about our social concerns.

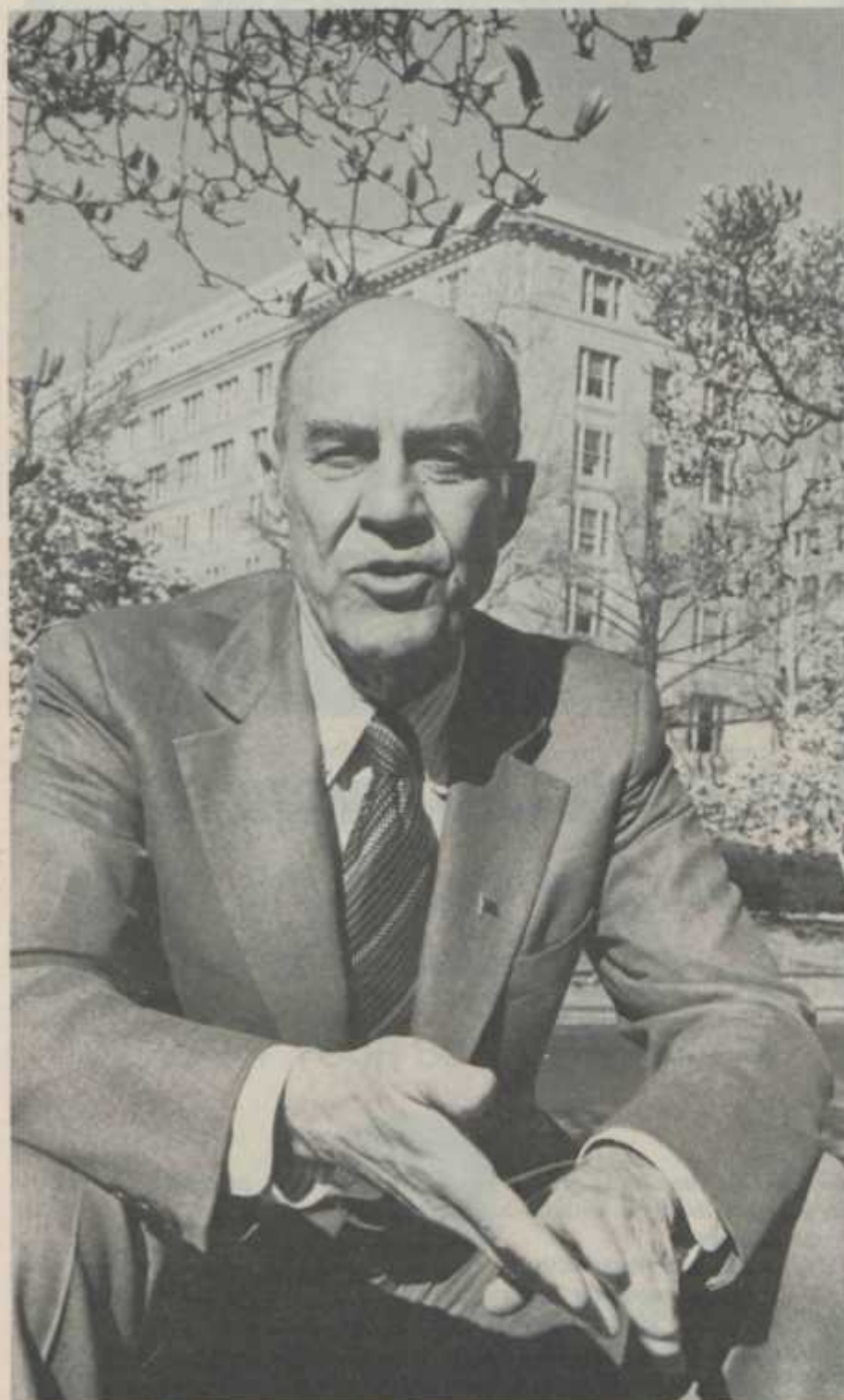
Involvement in improving government can take many forms for business people.

For some, it can be getting elected or appointed to government office at the level where you can be most effective. After running unsuccessfully for governor in 1970 and U. S. senator in 1974, I still felt that I owed a debt to this country of ours and that I couldn't keep telling other business people to get involved without doing it myself.

Heading an agency

That is why I accepted when President Ford asked me to head the General Services Administration, the business conglomerate of federal government.

I accepted only after the President assured me that he wanted the



Mr. Eckerd, starting with two rundown Florida drugstores he bought in 1952, created the Jack Eckerd Corp., which now has sales in the billion-dollar-a-year range and operates department stores as well as 740 drugstores. He resigned as the company's chief executive in 1974 to run for the U. S. Senate and in 1975 accepted appointment as head of the federal General Services Administration. Mr. Eckerd has made generous contributions to Eckerd College, St. Petersburg, Fla., and is now serving as interim president of the college pending selection of a new president.

agency run as clean as a hound's tooth and that I could call him if I was unable to handle any executive branch pressure to take actions involving jobs or contracts that were not in the best interest of the taxpayers. I never had to call him. I also asked Sen. Abraham Ribicoff (D.-Conn.) and Rep. Jack Brooks (D.-Texas), who chair the Government Operations committees in their respective houses, for their advice on how to handle pressure from Capitol Hill in regard to jobs or contracts. Both gave the same answer: "Tell them to go to hell."

Involvement also can mean working to see that others who believe strongly in the enterprise system get elected or appointed to government positions. Too often such work on the part of business people has been limited to a \$100 or \$500 contribution to an elected official.

Giving officials the facts

Another form of involvement is making the private enterprise side of the story known to members of Congress, state legislators, and local elected officials who write the laws we live under and to appointed officials who prepare federal, state, and local regulations that affect our businesses. Most elected and appointed officials have little basic knowledge about how our businesses operate, but are willing—and often eager—to learn. They want information that is honest and not weighted in our favor.

Most businessmen don't realize how well-organized our special-interest group opponents are or how most legislators would appreciate honest input from those who have to operate under business-oriented laws and regulations.

The business community also can work actively with government at all levels to improve efficiency and cut costs. Chambers of commerce are ideally set up to spearhead such efforts.

Cutting a state's costs

In 1974 I was cochairman of Florida Gov. Reubin Askew's Management and Efficiency Study, a group of 70 businessmen loaned at no cost to the state to analyze various departments and offices and recommend efficiencies. Our recommendations added up to approximately \$100 million in efficiencies per year, a \$100

million lightening of the load for the taxpayers of the state.

Speaking out to encourage other business people to get involved is something almost everyone in the business community can do. The more people we get into this fight, the better chance we have of winning it. There are forums everywhere, from local civic luncheons to national conventions. Here, too, chambers of commerce are the logical groups to encourage others in business to get involved.

We must work with young people, and the educators who teach them, to acquaint them with the true story of private enterprise. These young people are the future leaders of this nation, and if their impression of the free enterprise system is distorted, they may well seek to replace it with something else or be so turned off that they will sit back and let others try to replace it.

Reaching Florida students

In my state we established the Florida Council on Economic Education in 1975 to reinforce basic understanding of the American economic system in Florida schools. Independent, nonprofit, and nonpartisan, the council is seeking to reach 1.5 million Florida students by making effective teaching materials and methods available to some 66,000 teachers. The legislature has appropriated funds to spur the efforts of the council, and this money is matched with contributions from business, individuals, and organizations. The Florida Chamber of Commerce is an active participant.

In too many states youngsters are not being adequately educated about the free enterprise system.

Is involvement worth the effort and the frustrations? Definitely.

Savings for taxpayers

From my own experience, here are some examples of what GSA accomplished in fiscal 1976 alone: GSA instituted stringent energy conservation in the 10,000 buildings it manages, saving \$40 million in utility costs; cut travel by 15 percent, for an annual saving of \$1.5 million; and saved more than \$10 million by forcing other federal agencies to better utilize their space.

Obviously, those savings benefit the taxpayers.

Businesses GSA deals with weren't neglected, either. We found we were forcing businesses to fill out 61 forms at considerable expense to them. A number of these forms provided information we didn't need, so we eliminated 14. In so doing, we spared businesses from having to send more than 480,000 forms back to us, saving the businesses more than 700,000 man-hours in preparation time.

Improvements can come when you are working on the inside.

Delay is a challenge

There are frustrations, believe me. One is the length of time required to put improved practices and procedures on line. An action that would take two months to get under way in the private sector will usually take

"My experience . . . proves you can get into the fight without harm to your business."

two years in the federal government. Some of this delay is necessary, of course, to protect the public interest, but it certainly is a challenge to try to get government to respond more rapidly.

It is frustrating, too, to find how the inflexibility of an agency's budget works against good management. For instance, in the buildings under GSA's control, it is impossible to switch any resources from cleaning to guarding should the situation warrant.

Inaction on energy

Another example of inflexibility: Late in January, when the energy shortage reached crisis proportions, I recommended to President Carter that, where feasible, the federal government immediately go on a ten-hour, four-day week for a three-week period. This would have saved a tremendous amount of fuel needed to heat and light buildings and would

have conserved gasoline employees use driving to and from work on the fifth day.

The President approved the idea and recommended to state governments and the private sector that it be followed where possible without disrupting the economy or creating other severe problems. Without legislative action, however, Mr. Carter didn't have the authority or the flexibility to put the federal government on a four-day, straight-time workweek, even during a national emergency. Maybe he would have had that flexibility if people in government thought more like we do in the business community.

On Feb. 4 President Carter asked me to remain as GSA administrator and manage the agency in a nonpolitical, business manner. Because I thought I had the same no-interference agreement with him that I had had with President Ford, I accepted. However, a week later it developed that the White House staff had promised the deputy administrator's job to someone other than the person I had picked for the position. The President told me he had to abide by the staff decision. I felt I had to resign, since there was no assurance that my decisions in the future would not be subject to questioning by the White House staff.

Despite the frustrations, I am glad I accepted the challenge of government service. Friends had warned me that my reputation would be hurt if I went to GSA. That was not so.

Time is running out

There are many mountains to climb in order to preserve our economic system. They will get taller and taller unless the business community does a better job of changing the thinking in this country so enterprise is permitted to operate freely and government begins to operate more like an efficient business.

We have only a relatively few years to sell the truth about free enterprise, to reverse the trend to abandon the principles that made this country what it is.

If we don't sell this system of ours, and sell it hard, we tragically will go the nationalization route taken in Britain.

In thinking of my children and grandchildren, I don't look forward to this happening. □



ONE OF AMERICA'S LAST GREAT ANTIQUE BUYS

You are invited to become one of the few Americans today lucky enough to own not a copy, not a replica, not less than an authentic circa 1900 antique schoolhouse clock—the kind that once ticked happily away in the front parlors, general stores and one-room schools of our childhood. Each is unique and in 100% running order. Yours will be numbered, registered to your family or whomever you designate and accompanied by a handsome **Certificate of Age & Ownership** (suitable for framing). You could expect to pay far more at auction or antique shop for just such a clock. **To assure ownership at this special price, order now.**

The Original Schoolhouse Clock \$98.00

- Satisfaction Guaranteed or money refunded.
- Certificate of age, authenticity, ownership.
- Fully re-conditioned 8-day keywind movement, brass pendulum, key. Counts each hour in deep melodic tones.
- Finely polished and carefully restored hardwood case, approx. 22" H, 13" W, 4 1/2" D.

When in New York, visit the
Pony Express Showroom



PONY EXPRESS SYSTEM
2986 Navajo St., Dept. U61
Yorktown, N.Y. 10598

Please send me _____ clock(s) @ \$98.00 plus \$6.00 for insured delivery for each. Please register to the name(s) attached. My check is enclosed for \$_____. (N.Y. State residents add 5% sales tax.)
We Honor Master Charge, American Express & BankAmericard. Include signature & appropriate data or for faster service call 914-248-7031.

Mr./Ms. _____
Address _____ Apt. # _____
City _____ State _____ Zip _____

Why Able Managers Reject Jobs

Companies offering positions to talented managers are often turned down without knowing why.

"Take XYZ Corp.," says Donald F. Dvorak, who heads executive search activities at Peat, Marwick, Mitchell & Co. "XYZ—that is not its real name, of course—has annual sales in the \$400 million range.

"The corporation had to fill the job of vice president-finance, who would supervise the corporate treasurer, the comptroller, and the director of information systems. The person hired had to have a record of solid performance.

"An outstanding, 38-year-old candidate was found who met all the requirements. He was already a \$75,000-a-year chief financial officer at a subsidiary of a big conglomerate. The post at XYZ paid \$90,000 a year. He turned it down. The company could never figure out why."

The reason, Mr. Dvorak tells NATION'S BUSINESS, is that the new man would report to an executive vice president, not to the top boss.

"I don't need to be No. 2," the candidate said privately. "I wouldn't have status in the eyes of the public or of my peers."

This attitude is not uncommon, Mr. Dvorak says. In fact, he adds, the most frequent reason why outstanding managers turn down a job offer is that they feel the position has responsibilities, but no challenges.

In order of importance, Mr. Dvorak says, here are the other main reasons why candidates say no when wooed by a corporate suitor:

- Pay is not attractive enough.
- Job's growth potential is limited.
- Company's future is doubtful.

• Opportunity is poorly presented by prospective employer.

• Family or personal problems argue against a move.

• Company's location is undesirable.

• Present employer makes a competitive offer.

• Executive lacks confidence in ability to make good in new job.

• No real reason to leave present position.

"The last is more important than some realize," Mr. Dvorak says. "No matter how attractive the offer, an executive has to have some dissatisfaction about his job before he will leave it.

"You will never lose a good man unless you give him reason to go."

Secret of Success in Leadership

Identify your style of leadership and learn what situations it fits—and those it does not.

That is the secret of effective leadership, two psychologists say.

Dr. Martin M. Chemers, of the University of Utah, and Prof. Fred E. Fiedler, of the University of Washington, have devised a way to measure leadership styles.

On the basis of laboratory and field tests, the psychologists report that an executive's style is revealed in the way he feels toward his least preferred co-worker.

They compute what they call the executive's LPC rating by getting him to evaluate 18 traits of the co-worker—such as sincerity and industry—on a scale of one to eight. If the score is 64 or more, the executive's LPC is high. If the score is 57 or less, the LPC is low.

For the executive with a high LPC, relationships with other persons have a high value, the psychologists say.

"Basically," Dr. Chemers reports, "the high-LPC executive's attitude is: 'Even if I can't work with you, you still may be relatively pleasant, industrious, or sincere.'"

SAVE \$\$ BY THE MINUTE



Tighten up payroll and
job cost time control.

1-800-334-7190

Call TOLL FREE

ACROPRINT RALEIGH NC
3001 Spring Forest 27604
(919-872-5800 NC collect)

500 DEALERS COAST TO COAST

Sail away.



Today Catalina. Tomorrow Hawaii.

There are so many places to see. So many wonderful things to do. You can make your next vacation very special.

Cruise the Mediterranean, drive to British Columbia, fly to Rio, backpack through Glacier National Park, or discover more about California. You've thought of it, now plan on it by saving with an IMPERIAL FREEDOM ACCOUNT.

You really can go wherever you want to.



"Have we got **I**'s for you."

Member FDIC.
A wholly owned subsidiary of over \$4 billion Imperial Corporation of America.

SCOTT AND STRINGFELLOW GO NOSE TO NOSE WITH MERRILL LYNCH, PIERCE, FENNER AND WHAT'S HIS NAME.

Mr. S. Buford Scott, Chairman, Scott and Stringfellow, Inc., Richmond, Virginia:

"At 909 East Main Street in Richmond, Virginia, stand the offices of one Scott and Stringfellow—an excellent, but relatively unsung local brokerage firm.

"At 700 East Main Street, stand the offices of one Merrill Lynch, Pierce, etc., etc.,—the famous big name stock broker.

"Now, as everyone knows, possessing a big name is just as desirable in the stock business as it is in any other.

"And, as everyone also knows, big names are not born. They're made, with big multi-million dollar advertising budgets. Precisely what we at Scott and Stringfellow do not possess.

"However, what we at Scott and Stringfellow lack in multi-million dollar advertising budgets, we more than make up for in imaginative maneuvers.

"MNI was just such an imaginative maneuver.

"MNI, as you ought to know if you don't, is a clever way for small advertisers to buy up scale national magazines at local, affordable prices.

"Why, since we bought MNI, our ads have appeared in such publications as U.S. News, Time, Newsweek and Sports Illustrated right along with the big boys.

"And how has this affected our bottom line?

"Let us merely say that the name of Scott and Stringfellow is fast becoming a name to be reckoned with.

"And, who knows? Perhaps one day we'll add on a few Pierces and Fenners of our own."

MNI. What it is and why it is.

Before MNI's Magazine Networks, the only people who could afford to advertise in the big magazines were



"Frankly, we're bullish on ourselves."

the big advertisers.

Unfair, we said.

So, in 1968, we proceeded to remedy that unfortunate circumstance.

We put together groups of magazines and an ingenious idea of buying, selling and printing whole sections of advertising. This, for the first time, made buying ads in national magazines feasible for advertisers smaller than General Motors.

It also made it possible to buy them in markets smaller than Greater Metropolitan New York.

MNI offers the selective characteristics of national magazines, but makes it possible to buy and use them the same way you buy and use spot TV.

It's a way to heavy up in special market areas.

It's a good test market vehicle.

It's even a beautiful way to boost—or get—co-op money from dealers and distributors.

All in all, in a business where new ideas are few and rare, MNI is a good new idea that might well bear some looking into.

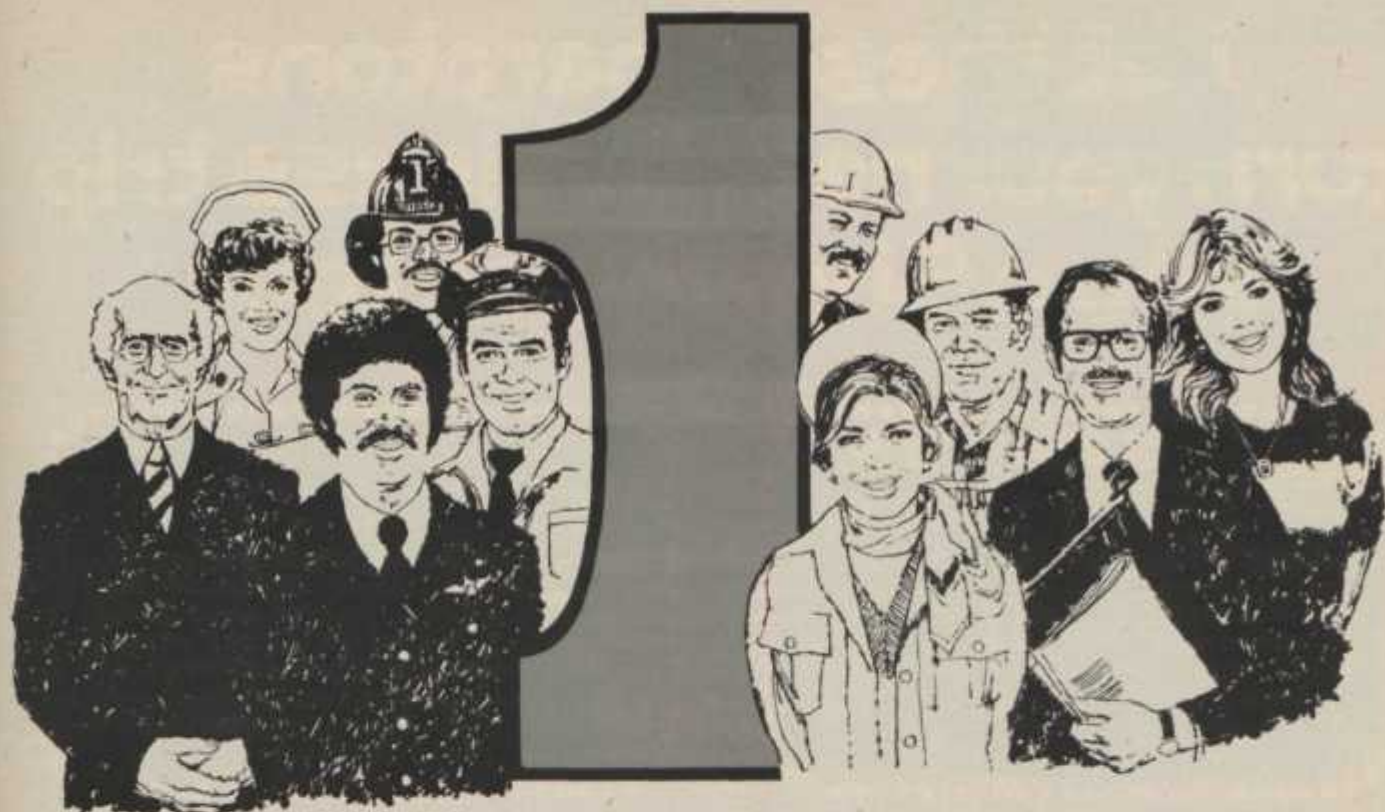
If we've piqued your curiosity at all, we'd like to suggest you call Jim Pitts or Tony Sureau at (415) 956-6280.

MAGAZINE NETWORKS

A Medium of Media Networks, Inc.



© 1975 Media Networks, Inc., 400 Third Ave., New York, New York 10016



It isn't easy being Number One

Americans are fussy. And why not? They comprise the greatest nation in the world. **Greatest** — that's what Number One is all about. Americans bestow it sparingly.

When it comes to the International Brotherhood of Teamsters, the world's largest trade union, being best is not even enough to rate tops. Number One to Teamsters also demands the most efficiency . . . the most productivity . . . unwavering loyalty to the best interests of 2.2 million members . . . and reverence for the patriotic heritage that makes it all possible.

To Teamsters, being Number One means you gotta **deliver**. Dialogue doesn't make it; **doing** the job does. Inside the Teamsters, the goods get delivered: best wages, most secure futures, health insurance, pension protection and welfare programs. Outside the Teamsters Union, all levels of life feel the impact of Number One. A stimulated, vibrant economy . . . charities . . . concern and care for the elderly . . . planning and provisions for posterity are offspring of Teamster dynamics.

You bet they deliver. Teamsters are everywhere in the American mainstream, keeping the country moving toward Democracy's dream.

Teamsters are Number One today . . . and will stay on top for all their tomorrows, just as long as Liberty's children refuse to settle for second best.

Teamsters . . . Number One Americans in the Number One nation.


TEAMSTERS
 PART OF THE AMERICAN LIFE

Let these Sheratons turn your next business trip into a Showplace tour.



●●●●● Fisherman's Wharf ●●●●●

SAN FRANCISCO. In the city's most exciting area, near the colorful wharf shops and restaurants. This Showplace is uniquely decorated in natural redwood and burlap. With an outdoor pool and discotheque.



●●●●● San Diego Airport ●●●●●

On the harbor, near the famous San Diego Zoo. With extra large bayview guest rooms, a heated pool, and a health club with sauna. Free transportation to and from the airport.



●●●●● Harbor Island ●●●●●

SAN DIEGO. A Showplace resort. With 14 acres of landscaped grounds. And four tennis courts, two pools, a putting green, and private marina. Close to shopping and downtown area.



●●●●● Huntington ●●●●●

PASADENA. Twenty-three acres of pastoral gardens reflect the easy pace at this gracious hotel. Yet easily accessible to downtown Los Angeles. Olympic size pool, putting green, and tennis courts available.



●●●●● Los Angeles Airport ●●●●●

A convenient stop for the business traveler. Free transportation to and from the airport. There's a cocktail lounge with live entertainment, and a combination liquor store, deli, and gift shop.

SHERATON IS A WORLD OF SHOWPLACES

For a reservation at any Sheraton Showplace,
call toll-free:

800-325-3535

In Missouri call: 800-392-3500

Or have your travel agent call.



Sheraton
HOTELS & INNS. WORLDWIDE

By contrast, executives with a low LPC are task-oriented, not relation-oriented.

"They favor a no-nonsense, business-before-pleasure approach," Dr. Chemers says, "and cannot accept a least-preferred co-worker as a person if he or she interferes with the accomplishment of their tasks."

Both types of executive do well in situations that match their respective styles.

"Low LPC's perform best in a predictable environment where the task is highly structured," Dr. Chemers says. "They demand a great deal of control, favor by-the-book methods, and must feel reasonably sure that their decisions will lead to intended outcomes."

Example: Gen. George S. Patton. "High LPC's," Dr. Chemers adds, "do well in situations which require flexibility and creativity as well as diplomacy and tact in dealing with co-workers."

Example: Gen. Robert E. Lee. What if an executive finds himself in a situation incompatible with his style?

"Modify the task," Dr. Chemers says.

"Your basic leadership style is part of your personality. Changing it would be as difficult as trying to become a completely different person."

How to Recruit Direct Salespeople

Being your own boss is the most rewarding part of direct selling. Making money, while important, comes second.

That is what a recent survey made for the Direct Selling Education Foundation suggests. The poll was taken by Louis Harris and Associates, Inc., New York.

The public opinion research firm asked 1,060 active salespeople the reasons that they had gone into direct selling. Here are the reasons given most often:

- | | |
|--|----|
| • I like the idea of being independent and working when I want to work. | 70 |
| • A good way to supplement my family income or make a little money for myself. | 58 |
| • I enjoy selling. | 53 |
| • I like the idea that the harder I work, the more | |

PERCENT

money I can make. 52

- A chance to make a significant amount of money. 37
- A good way to occupy my spare time. 37
- A way of meeting and socializing with new people. 35
- A chance to get more involved with the community. 24

The same questions, put to former direct salespeople, drew a different pattern of response. Harris and Associates summarizes the difference this way:

Active salespeople agree that selling is enjoyable. They are, of course, interested in making money. This interest, however, is balanced by the nonfinancial attractions.

On the other hand, those who have dropped out of the selling field are motivated far more heavily by strictly financial gain. Many, in fact, dislike selling.

"If you are recruiting direct salespeople," says Neil H. Offen, president of the Direct Selling Association, "you should emphasize two things:

"Direct salespeople are their own

Scamp

BUILD YOUR OWN TRAVEL TRAILER



- Hunting
- Fishing
- Camping
- Sleeps 4
- Guaranteed

For the first time - a fiberglass Do-It-Yourself Kit! No welding. Scamp kit includes all parts you need and fully-illustrated step-by-step assembly manual. Scamp can be completed in 60 hours with minimum tools. Also available ready to hitch-up-and-go.

Scamp

Write: SCAMP, DEPT. NB-6, Backus, Mn. 56435
Rush 12 pg. full color catalog \$2.00 enclosed.

Name _____ Age _____

Address _____

City _____ State _____ Zip _____

Phone Bus. _____ Home _____

EXECUTIVE LOANS

UP TO \$10,000

COMPLETELY PRIVATE SERVICE! Any Amount of cash you need... up to \$10,000... available at once by mail. No security required. Competitive rates. For full information and Loan Application

PHONE TOLL FREE

1 (800) 831-4844

or write C. E. Wilson, V.P.
POSTAL THRIFT
Dept. 129-06, 703 Douglas St.
Sioux City, Iowa 51102
affiliate of The St. Paul Companies, Inc.

The coin that's prized above money.

This is the Krugerrand. And it's prized more than money because it contains one precious ounce of pure gold. Through 50 centuries, gold has been treasured for its rarity, beauty and utility. Today some call it the ultimate means of preserving purchasing power. Throughout the world, we've seen gold dramatically increase in price as paper money has become worth less and less because of inflation.

The Krugerrand—The world's best way to own gold. Unlike rare or numismatic coins, which are sold at collector's prices, the cost of the Krugerrand is based strictly on the



value of its gold content—plus a small premium for coinage and distribution. Since it contains exactly one ounce of gold, it's easy to price. Unlike gold bullion, there are no assay charges to determine its authenticity.

And because it's the world's most popular modern gold coin, it's easy to sell.

The Krugerrand is easy to buy. As simple as phoning Monex International at the toll free number below. Since 1967 Monex has helped thousands of investors—large and small—trade almost two billion dollars in precious metals this very way... by telephone!

PHONE MONEX TOLL FREE AT (800) 854-3361. IN CALIFORNIA CALL (800) 432-7013.

Or complete this coupon and mail to: Commodity Trading Advisor

MONEX INTERNATIONAL LTD.

4910 Birch St., Newport Beach, Calif. 92660

Gentlemen:

☐ Please have a Monex Account Representative contact me immediately. RMHGB

☐ Please send me a copy of your FREE booklet telling how I can use Krugerrands as a hedge against inflation.

Business phone (_____) _____ area code _____ Home phone (_____) _____ area code _____

Name _____

Address _____

City _____ State _____ Zip _____

Fixed Asset Indigestion?

We spell relief: MSFAMS—short for M&S Fixed Asset Management System. Would you be stumped if the Board of Directors asked you:

- Are we taking the maximum allowable depreciation for federal and state tax purposes?
- Are we taking all of the Investment Tax Credit to which we are entitled?
- Are we overpaying our ad valorem taxes?
- Are our assets properly insured to current value and could we prove our loss if a disaster occurred?
- Where are our assets and are they being fully utilized?

Your "need to know" is urgent.

Responsible asset management is vital to survival in today's economy because of more detailed reporting demands by Boards of Directors, investors, the SEC, auditors and federal, state and local taxing authorities.

A new management tool.

Now there's a systems approach to supply the answers you need—*The M & S Fixed Asset Management System*. It's cost is modest when compared to the tax and operational savings experienced by many of our clients. And it gives you the information to truly manage assets for a better bottom line.

M & S professionals will aid you in these critical areas: PLANNING, INVENTORY, COST/EVALUATION, PROCESSING and PERPETUATION of your property accounting system.

Find out about our system. It incorporates all the positive things we've learned in over 40 years of being the "asset management professionals." Phone Bob Toltzman, at (800) 421-8436, Marshall & Stevens, Inc., 600 So. Commonwealth, Los Angeles, CA 90005. Or contact one of our Valuation Consultants in...

Atlanta, Boston, Chicago, Dallas, Detroit, Houston, Kansas City, Minneapolis, New York, Philadelphia, Pittsburgh, San Francisco, St. Louis, Washington, D.C.

Appraisals by
**MARSHALL
AND STEVENS
INCORPORATED**

boss. And the harder they work, the more they earn.

"Apparently those are the rewards that appeal most strongly to successful direct salespeople—those who stick to it."

Protecting the Firm's Information Assets

Records kept on the company computer are often vital information assets. If these records are damaged, destroyed, manipulated, or mishandled, the company's existence may be endangered.

So say the authors of "Computer Control & Audit" (\$20), published by The Institute of Internal Auditors, Inc., Orlando, Fla.

"The greatest sources of computer losses are innocent errors and omissions," the book says. The book cites these examples, among others:

- A manufacturing firm converted its inventory control system from manual to computerized. Management was pleasantly surprised, if puzzled, to find that the reported inventory increased by about \$1 million.

Later investigation revealed why. In the computer, the instruction manuals for the company's products were classified under the same part numbers as the machines the manuals described.

Result: Fifty manuals in stock were treated by the computer as being worth \$20,000 each, the same as the machines they referred to.

- In a financial institution, the interest calculation on savings accounts was programmed as if there were 31 days in every month. Five months elapsed before the mistake was discovered.

Result: Overpayment of more than \$100,000 in interest.

"Experienced EDP auditors," the book says, "may expect to encounter programmed errors in 30 percent of the applications they test."

The book is an introduction to computer control and audit. For better understanding of the book, readers should be versed in basic computer terminology and have a general knowledge of auditing.

Despite the horror stories, some information systems are designed and function properly.

"Strong, well-directed management," the book says, "makes the difference." □

DOCUMENT SECURITY through permanent marking with an A·B·E Perforator



- Prevent accidental or intentional duplicate payment of vendors' invoices.
- Cancel, number or date petty cash vouchers, expense reports, claims and all important business documents.
- Recommended by auditors

For further information, mail coupon or phone:

A·B·E Perforators
Division of MITE Corporation
446 Blake St., New Haven, CT 06517
(203) 387-2572

Name _____
Company _____
Address _____
City, State, Zip _____
Phone _____

CHANGING YOUR ADDRESS?

| | | | |
|----------|---------|----------|------|
| city | address | co. name | name |
| state | | | |
| zip code | | | |

ATTACH LABEL HERE

Please attach the latest address label from your Nation's Business cover in the space above, print your new address, and mail this form to Nation's Business. Important: Allow five weeks for address change.

NATION'S BUSINESS, 1615 H ST. N.W., WASHINGTON, D.C. 20062

ECONOMIC EDUCATION
FOR EMPLOYEES

Estate Planning for Business Owners

BY W. LIDDON McPETERS

If you own a business,
your estate planning problems
are different. Here are guidelines
on how you can benefit your heirs the most

IF YOU OWN your own business, you march to a different drummer than people who work for someone else, especially in the steps you take to preserve your business and pass it on to your heirs.

As a business owner, your assets are different in nature from the typical salaried worker's.

Your assets, for example, may include business real estate, furnishings, machinery, vehicles, and inventories. They may also include such intangibles as an established clientele, your experience, your talent, and the goodwill you have built for your company.

The small business owner, therefore, must grapple with estate planning problems that are unique to his position.

Here are some of the most prevalent and troublesome questions that confront anyone concerned about the disposition of his company.

Keep or sell?

In determining the future of your enterprise, you have three major choices:

1. You can make arrangements now that provide for the continuance of your business, for your family's benefit, after you are gone.
2. You can arrange to sell or give the business away while you are still alive.
3. You can make arrangements to have the business sold after your death, with the proceeds going to your family.

At some point, now or later, your business will take one of these routes. Which will benefit you and your family the most?

Your first decision is a tough one. You have to determine if your business is worth continuing.

Be dispassionate

On the surface, that's a shocking consideration. You have probably worked hard to build the business into a good source of income for your family. But if you face the question dispassionately, you may find valid reasons for discontinuing the enterprise.

The type of business you are in may be on the decline, with little hope for potential growth. The neighborhood where you are located may not generate enough future volume to keep the enterprise going. Taxes and expenses may be climbing, and the difference between expenses and income may be getting smaller every year. Or the success of the venture may depend so predominantly on your personal leadership and talents that no one but you could manage it effectively.

Loss of the boss

Loss of the key man, you, can have a drastic impact on both the sale value of a small business and its ability to operate profitably for your beneficiaries.

If your heirs are forced to hire a replacement for you, assuming one can be found, he will have to be

paid a salary. That salary would take the place of the money you used to bring home. Payments to outsiders may reduce company profits to the point where there is little left to support your own family.

Even if you are replaced by a paid manager, your business may go into a tailspin from which it never recovers. Volume may fall off sharply because of the loss of your personal contacts. Credit to your business may be temporarily suspended. Your old clientele may hold back orders, waiting to see if the business will be continued in its present form or liquidated.

Also, death of the boss is often followed by a time of uncertainty within the company. Employees can become nervous about the future and start looking for other jobs, further destroying the cohesion and stability of the business. It is possible, too, for former employees to start their own competitive companies, trading on experience and skill learned from you. This competition can undercut your business and hurt it as an income producer for your family.

Who will take over?

If you feel your business is sound enough to withstand these pressures, however, turn your attention to the next vital question. Who is going to run the business?

You are fortunate if the future management of your company can be found within your immediate family. Then you simply give the business, by will or trust, to your relatives, and they continue to run the business and support your family the way you did.

Under the Tax Reform Act of 1976, a substantial estate tax saving may be obtained if a closely held business stays in the family, under the family's active management, provided certain other qualifications are met.

If you want the business to continue after you are gone, and there is no family member to take charge, you have to arrange for successor management.

In this case, the special tax saving may be lost.

Providing incentives

If you bring in outside talent and groom these managers to take over, you should provide them with incentives to ensure continued, long-term loyalty.

In larger companies, such incentives usually take the form of bonuses, profit-sharing, or pension plans. In smaller businesses, the best incentive is some form of ownership interest—a stake in the business. You might consider taking on a potential successor as a partner.

These incentives should not be so great, however, that they jeopardize the security of your family. Your arrangement may dictate that some income and the control of the company remain in the family's hands, while the new partner runs the day-to-day operation and shares in a percentage of the profits. The amount of control remaining in the family's hands will determine the availability of the special tax saving that may be available.

Selling out

If you reach the conclusion that your business should terminate at your death, it is far better to make arrangements for the sale now, while you are alive. The minute you are not there as the chief proprietor and

driving force, the sale value of your business could plummet. In addition, a sale at death is usually rushed, and first bidders often get the business at a fraction of the price that could be obtained with more time and advance planning.

Buyers are always in a better bargaining position if the estate or family is forced to sell. With the increased tax burden which may fall on your estate because of changes made by the Tax Reform Act of 1976, it is more important than ever to plan in advance when sale of a closely held business is involved.

If an employee buys

Perhaps you want a key employee to buy your business after you are gone. Chances are, though, he won't have enough money.

This does not present an insoluble problem. You can make this key employee the beneficiary of an in-



The author, W. Liddon McPeters (center), is president of The Security Bank of Corinth, Miss., and is also president of the American Bankers Association.

surance policy on your life. At your death, the cash proceeds from this policy would provide the employee with the money to buy the business.

Be sure, however, that you have an attorney draw up a buy-sell agreement so that it becomes a legal, binding contract. In that way, the beneficiary is obligated by law to use the insurance money to buy the business. He cannot use it for any other purpose.

Cross-purchase agreement

A cross-purchase agreement is another way to arrange for sale at a future date. If your business is a partnership, you can write a binding agreement that says whichever partner survives is committed to buy out the other's portion of the business. The purchase price goes into the decedent's estate.

In this case, the partners hold insurance policies on each other's lives to provide capital for the sale. The

ECONOMIC EDUCATION FOR EMPLOYEES

You'll want your employees to see these four new slide presentations from the National Chamber. Informative and interesting, they use the kind of examples which employees will find relevant.



Why the Price?

A clear-cut explanation of the way costs, availability, competition, and consumer demand play key roles in price determination; and of other factors involved. This presentation provides a better understanding of the pricing of every product or service.



The Sense of Saving

The importance of having the savings of individuals, businesses, and government placed into a pool of capital available for all to draw upon as needed. This presentation also underscores what happens when government borrows more than it spends.



Check Your Paycheck

Everyone, but especially new employees, will find this show a "must-see." A real eye-opener, it gives a better idea of what employers build into the paycheck and why it is so important to maintain maximum productivity.



The Business of Competition

Why there's a vital need to maintain freedom of individual competition, and the benefits we all receive from this competition.

Each of these "employee economic educators" includes 35mm slides, script, and cassette tape in its set. Order by title, \$25 each. To order, or for more information about this economic education series, contact Robert Moxley, National Chamber Slides, 1615 H Street, N.W., Washington, D.C. 20062. (202/659-6183)

1976 tax act, however, may pose special problems for this partnership buy-out plan.

In any buy-sell type of arrangement, it is wise to make a bank trust department a party to the agreement. A disinterested party will have custody of the agreement, the insurance policies, and other related documents. The trustee will collect the insurance and make certain that the terms of the agreement are carried out. In this case, the trustee will be the beneficiary of the insurance policies.

Some small business owners are successful in selling their businesses while they are alive, under a sales-plus contract. This means selling ownership of the business with the stipulation that you stay on as a manager or consultant at a specified salary.

Giving away the business

Like any other asset, your business may be given away, in whole or in part, during your lifetime. You might, for example, consider giving the company away if you are unable to make a profitable after-death sale agreement.

In most cases in the past, businesses were given to others to remove a substantial asset from the donor's taxable estate. Since last Jan. 1, however, under the new tax law, any taxable gifts given during lifetime must be considered in determining the estate tax rate on property transferred at death. So the only real saving in the future will be the removal of the gift tax paid from the taxable estate. This saving will be lost if the owner of the business dies within three years of the gift.

Regardless of how successful your business is, your heirs will still have the immediate financial strain of paying inheritance taxes, debts, and administrative costs of settling the estate. If there is not enough available cash to pay these sums, the business might have to be sold in a hurry or liquidated by the executor to raise money.

To avoid that, you should accumulate as many outside assets as you can in the form of life insurance, funded pension plans, stocks, bonds, or cash in savings accounts. Business owners should concentrate on investments that are readily turned into cash.

Life insurance trusts

To help ensure that your family has enough ready cash at your death, you might consider a life insurance trust. This is a trust established during your lifetime that becomes active when you die. At that time the proceeds of the insurance policy on your life are paid directly to your trustee—the beneficiary of your insurance policy.

When you set up a life insurance trust, you create several important benefits that don't apply if your estate is the beneficiary.

For the small businessman, liquidity is probably the most important benefit. The proceeds from the policy go directly into the trust fund when you die, and money is quickly available to meet the immediate needs of your family and executor. On the other hand, if your estate is the beneficiary, there are time-consuming and expensive probate court proceedings before the insurance money becomes available.

As soon as your trust receives the insurance money, the trust can instantly provide cash for your family to

live on and to pay estate taxes and settlement costs.

Life insurance trusts also give you flexibility. When in trust, the money from the policy can be distributed any way you wish. In your trust agreement, you could instruct the trustee to pay out specified amounts each month or give the trustee permission to use his discretion and pay money to the family as circumstances dictate.

An insurance company, on the other hand, is restricted to rigid payout methods that don't always conform to the needs of your family. The insurance company may, for example, give your family the total amount of your policy in one lump sum at the time of your death.

In addition, with your estate in the hands of an experienced trust officer, your family will benefit from professional management of the assets that you left behind to provide for them.

Tax advantages

Life insurance proceeds paid to a trust are generally not subject to claims of creditors. This is not true when the proceeds are paid directly to an estate.

In many states, insurance proceeds payable to a trust are exempt from state inheritance taxes, while insurance money paid directly to an estate is not exempt.

The typical life insurance trust is a revocable trust. The trust agreement can be changed any time during your lifetime as your objectives change.

Another type, the irrevocable trust, offers different advantages. It can be drawn up in such a way that estate plan, you should first talk to your attorney and part of your estate—and income taxes lessened. However, you should be very sure of your financial security and your estate planning goals before considering an irrevocable trust. Once it is instituted, it cannot be changed.

Before deciding on any type of trust arrangement or estate plan, you should first talk to your attorney and bank trust officer. This is particularly important in view of the estate and gift tax changes in the 1976 tax act. In fact, even if you have already executed a will or adopted a revocable trust, it would be wise to have them reviewed by your attorney due to the many changes in tax law.

Naming an executor

In your will, you will name an executor to handle the job of settling your estate. The executor's duty is to gather all your assets, establish the value of your business, calculate taxes and pay them, pay debts, provide for immediate needs of your family, and distribute your assets according to your will.

It is particularly important that business owners select an executor experienced in business matters who is able to accomplish these tasks effectively. The new tax law increases substantially the complexity of handling estates and the responsibilities of executors.

If you have a competent, experienced executor and trustee rather than an inexperienced friend or relative, you increase the chances that your small business will be able to survive your death and continue to provide income and financial security for your family. □

REPRINTS available. See page 71 for details.

| | |
|--|----------|
| ABE Perforators/Division of Mite Corp. | 64 |
| Mite Advertising, Inc. | |
| ADT Security Systems | Cov 3 |
| F&R Enterprises Inc. | |
| Acropriat Time Recorder Company | 64 |
| Percival Advertising & Marketing | |
| American Credit Indemnity | 12d |
| W. B. Doner and Company | |
| Avis Truck Division | 12b, 12e |
| David, Okuner & Mittenback, Inc. | |

| | | |
|----|---|-------|
| | Best Western, Inc..... | 31 |
| | Admark Corporation..... | |
| IE | Brevard Economic Development Council..... | 40 |
| | Norgren-Davis & Associates..... | |
| | Butler Manufacturing Company..... | 22 |
| | Valentine-Radford Advertising..... | |
| | Cason Copier..... | 37 |
| | Dental Corporation of America..... | |
| | Cincinnati Milacron Process Controls..... | 42 |
| | Howard Swink Advertising..... | |
| IE | Commercial Credit Business Loans..... | 12 |
| | W. B. Doner and Company..... | |
| IE | Data Processing Securities, Inc..... | 71 |
| | Witherspoon & Associates..... | |
| IE | Datagraphix, Inc..... | 51 |
| | Dynamic Ads..... | |
| R | Enterprise Publishing Company, Inc..... | 9b |
| | Peterson Advertising Agency, Inc..... | |
| | Excuteone, Incorporated..... | 8 |
| | Nadler & Larimer, Inc..... | |
| R | Financial Publishers..... | 27b |
| | Humphrey and Kurbo..... | |
| IE | Florida Department of Commerce..... | 60d |
| | Arthur L. Gray and Associates, Inc..... | |
| | Fort Howard Paper Company..... | Cov 2 |
| | Marseller, Inc..... | |

| | | |
|----|--|------|
| R | Harleysville Mutual Insurance Company | 9a |
| | <i>Harleysville Communications</i> | |
| IE | Walter E. Heller & Company | 60a |
| | <i>McCann-Erickson, Inc.</i> | |
| | Hertz Trucks | 1 |
| | <i>Tel Bates & Company</i> | |
| | Hyster Company, Industrial Truck Operations | 21 |
| | <i>Cole & Weber, Inc.</i> | |
| IE | Indiana Department of Commerce | 60b |
| | <i>Quinlan Keane Pack & McShay, Inc.</i> | |
| R | Inryco, Incorporated | 10c |
| | <i>Melroe Advertising Associates</i> | |
| | Lanier Business Products | 49 |
| | <i>Marsteller Inc.</i> | |
| | Latham Time Recorder Company | 30 |
| | <i>George and Glaser</i> | |
| | Lockheed Electronics Company | 45 |
| | <i>McCann-Erickson, Inc.</i> | |
| | Marshall and Stevens | 66 |
| | <i>Boydhart, Lovett & Dean</i> | |
| | Mita Copystar America Inc. | 47 |
| | <i>Dental Corporation of America</i> | |
| | Monex International, Ltd. | 45 |
| | <i>Gillen/Kloss & Associates, Inc.</i> | |
| | Monroe, The Calculator Company | 53 |
| | <i>Catalano & Gornick, Inc.</i> | |
| | Moody's Investors Service, Inc. | 6, 7 |
| | <i>Saxon Communications Group, Ltd.</i> | |
| | State of Nebraska Industrial Development | 60d |
| | <i>Miller Friend Ludemann Inc.</i> | |
| | Passco Steel Corporation | 15 |
| | <i>Buzzon Advertising Agency</i> | |
| R | Performance Dynamics | 23f |
| | <i>McCormack Services</i> | |

| | | |
|-----------------------|---|--------|
| R | Pilot Life Insurance Company | 23a |
| | <i>Lavigne & Associates, Inc.</i> | |
| | Pony Express System | 64 |
| | <i>Nationwide Recruitment Ad-Agency, Inc.</i> | |
| | Postal Finance Company | 65 |
| | <i>John D. Morgan, Inc.</i> | |
| | Puerto Rico Industrial | 12a |
| | <i>Ogilvy & Mather, Inc.</i> | |
| | Randustrial Corporation | 60c |
| | <i>Mc. Plannet Advertising, Inc.</i> | |
| IE | St. Louis-San Francisco Ry. Co. | 60b |
| | <i>Ritz-Hodgson-Neuenschner, Inc.</i> | |
| | St. Paul Fire & Marine Insurance | |
| | Company | 16, 17 |
| | <i>Campbell-Muhlen, Inc.</i> | |
| | Saxon Business Products, Inc. | 55 |
| | <i>Mandabach and Simms, Inc.</i> | |
| | Seamp (Eveland Bros.) | 65 |
| | <i>Kushman, Spicer & Company</i> | |
| | The Sign Shop | 30 |
| | <i>Simplex Advertising Agency</i> | |
| | Sperry Remington | 41 |
| | <i>Hesselt & Milton, Inc.</i> | |
| | Star Manufacturing Company | Cov 4 |
| | <i>Ackerman Incorporated</i> | |
| | State Mutual of America | 28, 29 |
| | <i>Horton, Church & Goff, Inc.</i> | |
| | Xerox Corporation | 27g |
| | <i>Rosenfeld, Strowitz & Laxson, Inc.</i> | |
| KEY | | |
| IE—Industrial Edition | | |
| R—Regional | | |

**"A Case of Overkill
in Federal Regulation"**
by James J. Kilpatrick **page 11**

**"Lessons of Leadership:
Choosing Strategies
for Business Success" page 32**

"Estate Planning
for Business Owners"
by W. Liddon McPeters **page 67**

Order from Nation's Business, 1615 H Street N. W., Washington, D. C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order. Reprints of material from past issues are also available. For a listing, write to the address above or phone (202) 659-6021. Reprints of other material in this issue may be obtained by special arrangement.

The average loss in computer fraud cases is \$500,000.

Can your company afford it?

More than 339 cases of computer fraud were reported by the National Bureau of Standards in a single year. Total losses exceeded \$200 million. The average was \$500,000. Criminologists estimate that this represents only 15% of the real losses. Why? Because most companies elect not to report computer crimes for fear of adverse publicity.

When you consider the risk, maybe it's time you considered an unbiased risk analysis. We're an independent computer security consulting firm serving over 250 major corporations. Our services include risk analysis, data security, physical protection, emergency/recovery plans, theft and fraud control as well as facility design. For more information contact: J. C. Matlock, Jr., Dept. N, 235 Northeast Loop 820, Hurst, Texas 76053, (817) 589-2244.

**DATA PROCESSING SECURITY, INC.**

New York Chicago Los Angeles Dallas-Fort Worth

Where the Carter Energy Plan Goes Astray

THE CONGRESSIONAL debate that has begun over energy policy involves such complex factors as tax incentives and deterrents, technological capabilities, environmental concerns, and international politics.

At the same time, the issue involves that most basic of all economic questions—the most effective way of balancing supply and demand.

As President Carter said in sending his energy proposals to Congress: "The heart of our energy problem is that our demand for fuel keeps rising more quickly than our production."

Business has no quarrel with that analysis. In addition, the business community supports Mr. Carter's

position that adoption of a national energy policy is a matter of the highest urgency.

Business is concerned, however, that Mr. Carter's approach comes down too heavily on the side of reducing demand and too lightly on the need to increase production.

Conservation and increased energy-use efficiency are, of course, laudable goals, but the President's emphasis on those areas has led business leaders to raise serious questions.

Shearon Harris, chairman of Carolina Power & Light Co. and one of the most respected leaders in the energy field, has given a highly perceptive analysis of the administration's energy plan:

"Everybody applauds conservation and fuel efficiency generically," he says. "But many will express a legitimate concern about the stringent emphasis on conservation and its potential impact on the rate of growth, inflation, and unemployment.

"We frequently flog ourselves as shamefully wasteful by reciting that, with six percent of the world's population, we consume 33 percent of the world's energy.

"I submit that it is equally relevant to reflect on the fact that, in the course of maintaining the world's highest living standards, we produce 32 percent of the world's gross product."

Mr. Harris, in a speech to the annual meeting of the Chamber of Commerce of the United States, suggested that price increases which provide profits to finance increased energy exploration "will serve the national energy interest far better than penalty taxes designed to discourage use."

He pledged that President Carter can count on business "to give its very best effort in devising the very best plan" for dealing with our energy problem. When that plan is settled on, he added, "we will be in there trying to make it work to serve the interests of this great nation that we all love."

If the many groups pressing for adoption of their own energy goals take the same attitude, the country will not only solve the energy problem but will be stronger in every respect. □



The case of the brown suede loafers. (Or how we busted our 2,149th burglar last year.)

4:30 a.m. A rainy night in June.

A burglar alarm in a drugstore on Chicago's West Side flashes a silent signal to a nearby ADT Central Alarm Station. Within minutes, police are on the scene and so are ADT investigators Gary Stack and Jim Fasone.

They find the rear door kicked in, mud on the basement floor and,

apparently, nothing missing. Except the intruder. Then a second alarm comes in from another part of the store: someone is still inside.

Stack, Fasone and the patrolmen go over the place with a fine tooth comb. They find a pair of brown suede loafers on the basement floor near the coal bin. Fasone runs his flashlight over the bin. "And you guessed it — we dig up one very scared burglar head over heels in coal."

For us at ADT, brown suede shoes was just statistic number 2,149. Out of the 4,434 burglars and 345 holdup

men we helped the police collar last year. But catching crooks is only part of our job. Our main job is protecting people and property. And we've been doing this so successfully for 100 years now that our assignments include protecting the U.S. Treasury, the Pentagon and Cartier's. (For a lot less than you think, we'll protect your home or business, too.)

Our local office is listed in your Yellow Pages.

Our main office is ADT, One World Trade Center, New York, N.Y. 10048.

Our business is peace of mind. It's our only business, so when you get in touch you'll get our full attention. In our shoes, we couldn't afford anything less.



ADT
The Security Company

THE INDUSTRIAL STAR

Six reasons why your new plant should be one.

1 UNLIMITED FLEXIBILITY. Star structural systems can meet any special design requirements, have longer bay capabilities, are easily expanded later, and readily adapt to crane and materials handling equipment at minimal extra cost.

2 LOWER INSURANCE RATES. Star steel design and construction qualifies for UL-90 classifications, which can result in reduced insurance premiums.

3 GREATER ENERGY EFFICIENCIES. Non-porous Star steel paneling with blanket insulation can lower initial heating and cooling equipment requirements. Substantially reduce fuel costs through the years.

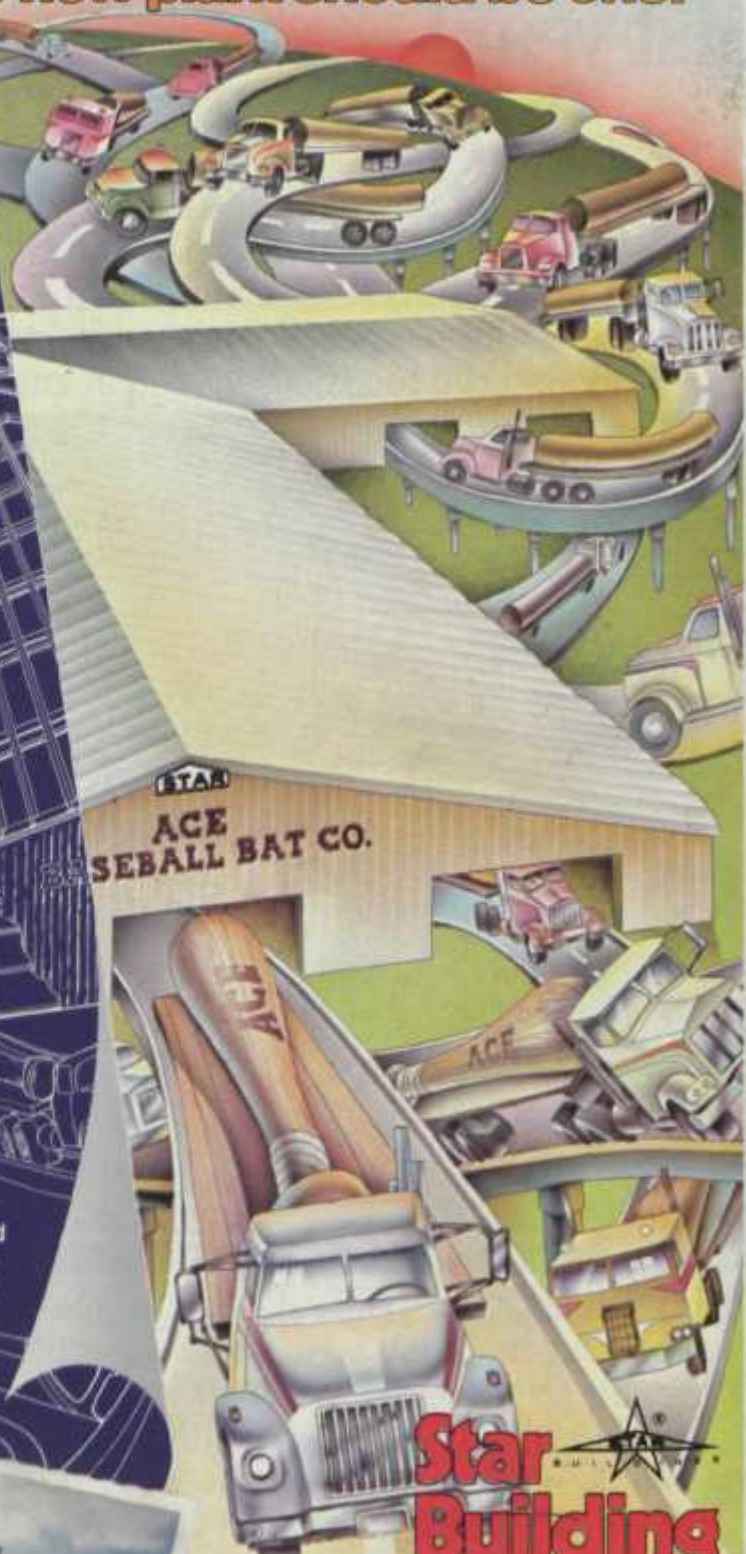
4 INCREASED CLEAR SPAN CAPABILITIES. Star computer-designed frame systems are now available in column-free widths up to 240' (or greater). Multi-span capabilities are limitless.

5 FASTER CONSTRUCTION TIME. Star pre-engineered plant facilities can go up in weeks, allowing faster occupancy, and minimizing your labor investment.

6 LOWER MAINTENANCE COSTS. Starcoat[®] factory baked color finishes are all guaranteed against chipping, cracking, chalking or peeling, up to 10 years on walls, 20 years on roofs.

Consider all the benefits of a Star system:
Before you build any manufacturing plant or other industrial facility, call us toll-free. Or write. We can provide you with free planning kits. Help you with specific building problems. And even provide you with free estimates.

Star Manufacturing Company, Box 94910, Oklahoma City, OK 73109



Star Building Systems

800-654-3921

In Oklahoma call 800-522-3436